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Reagan Approves 'Populist' Tax Plan; Hard Campaign Set

By David Hoffman
and Anne Swardson
Washington Post Service

WASHINGTON — President Ronald Reagan has accepted a far-reaching tax-simplification proposal and will begin a campaign for it Monday with a televised address emphasizing his "populist" aspects, administration officials said.

Mr. Reagan approved most aspects of the plan at a White House meeting Tuesday with Treasury Secretary James A. Baker 3d and other senior officials.

The plan includes almost doubling the personal exemption to \$2,000, lower individual rates and the elimination of many popular deductions and tax breaks.

Officials said the proposed three-tier individual income tax structure would call for a rate of 15 percent for low incomes, 25 percent for middle incomes and a top bracket of 34 or 35 percent.

They said there was discussion of bringing the top bracket down further, possibly to as low as 30 percent, or of adding a fourth bracket at 30 percent, but those ideas were set aside.

The proposal is expected to include a minimum tax for corporations. Sources confirmed that the administration has decided to permit gifts donated to charity, including stock, to be deducted at their market value rather than at their original price plus inflation. Unsettled had complained that the latter approach would drastically reduce their revenues.

Officials had discussed raising the personal exemption from \$1,040 this year to \$1,800. The decision to make it \$2,000, officials

said, would help Mr. Reagan emphasize the "populist" theme because it represents an added tax cut for millions of Americans.

Officials said Mr. Reagan would try to sell the proposal as both a break for average taxpayers and as a heavier burden for wealthy Americans and corporations that have paid little of no taxes in the past.

But this effort may run into criticism because the president also has decided to restore a number of tax breaks for investors and the oil and gas industry. These tax breaks were curtailed in the Treasury Department's initial tax-simplification proposal, released last year.

In an effort to give the proposal some political momentum, an administration source said, the president is planning to "get out and really sell it fast" almost every day next week by focusing attention on the benefits for families and for average taxpayers.

Mr. Reagan intends to advertise the tax-simplification plan as the centerpiece of the "second American revolution," he described in his second Inaugural Address, officials said.

Republican political strategists said they were hoping the proposal would give Mr. Reagan a positive issue to campaign for after recent controversies that put the White House on the defensive.

The president can use tax simplification to "wash away some of the bad taste of the budget" fight, as well as the controversy over his visit to the German military cemetery at Bitburg, a Republican official said.

Administration officials said Mr. Reagan's campaign for the tax plan would begin Monday with a televised speech from the White House.

In recent days, Representative Jack Kemp, Republican of New York, said he would support the plan.



Aidan Walsh

Armed Men Kidnap a Top UN Official In Beirut

BEIRUT — Armed men kidnapped a senior United Nations official in a car on Wednesday, bundling him into a car after smashing the windshield of his UN vehicle and holding a gun to his head.

Aidan Walsh, 46, deputy director for the United Nations Relief and Works Agency, which assists Palestinian refugees in the Middle East, was seized on a seafaring boulevard while going to work, officials of the agency said.

Mr. Walsh, an Irishman, was the second officer of the agency and the 12th foreigner abducted in Lebanon this year. He was the first person abducted since a wave of kidnappings in March.

There was no immediate indication of which group was responsible for the abduction.

An official of the UN agency said that two cars containing eight gunmen in green camouflage fatigues blocked Mr. Walsh's car. "Four men jumped out, pointed Kalashnikov rifles and pistols at Walsh and ordered him out of the car," the official said.

"The Palestinian driver tried to argue with them, saying Walsh was Irish and UNRWA was helping people in Lebanon," the official said, "but one of the men smashed his windshield with a rifle butt and held a cocked rifle to his head."

Two gunmen then grabbed Mr. Walsh by the arms as another pushed him from behind. They bundled him into the back seat of one of their cars and drove off.

[The police said that nine persons were killed and 22 were wounded in sectarian battles that raged along Beirut's Green Line, in the 18th straight day of clashes on the line dividing the city's Christian and Moslem sectors, The Associated Press reported.]

Mr. Walsh has been in Beirut since September. His wife and three children live in Dublin.

He was seized nearly two months after a British journalist, Alec Collett, who was on assignment as an information consultant in Beirut for the agency, was kidnapped south of Beirut on March 25.

Mr. Collett was among nine foreigners abducted in March. One, a Dutch Jesuit priest, was found murdered in the eastern Bekaa Valley and four were freed, but the rest are still held.

Mr. Walsh's kidnapping brought to 19 the total of foreigners still missing after abduction in Moslem-controlled regions of Lebanon this year and in 1984.

Aside from Mr. Walsh and Mr. Collett, those held include five Americans, two French diplomats and a Saudi Arabian diplomat.

Anonymous callers saying they represented Islamic Jihad, a Moslem fundamentalist group, have claimed responsibility for most of the abductions.

Toll at 8 In Siege Of MOVE

Mayor Defends
Action of Police
In Philadelphia

The Associated Press

PHILADELPHIA — The police reported Wednesday that they had found eight bodies in the charred ruins of the house formerly occupied by the radical back-to-nature group MOVE.

The house was destroyed after the police bombed it in an attempt to gain entry, and about 60 neighboring dwellings also were burned.

On Tuesday, Mayor W. Wilson Goode defended the decision by the police to drop a bomb on the house as appropriate, although the action "did not turn out as intended." The city's police commissioner said Wednesday that officials believe the group had a hand in starting the fire.

All or parts of six charred bodies, two of them the remains of children, were removed Tuesday from the house. Clarence Mosley, the city's assistant managing director, said that one of the two bodies found Wednesday also was that of a child.

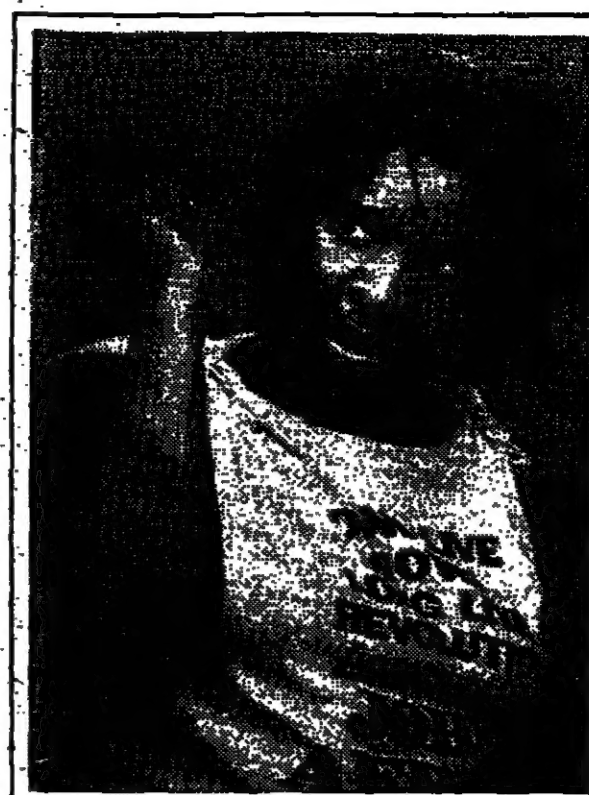
Some reports had said as many as 12 adults and 10 children had been buried in the house before the police tried to clear them out. Other reports said that MOVE members had dug a labyrinth of tunnels from the basement, and the police were looking for signs of escape routes.

Mr. Goode, who denounced MOVE as a group "dedicated to the destruction of our way of life," said at a press conference that he accepted responsibility for the "accidental and unexpected" fire. "But it was the right decision," he said.

He promised the estimated 225 neighborhood residents who were displaced by the fire that the city would pay to rebuild their houses. About 60 houses were destroyed, more than in any other fire in the history of the fifth-largest U.S. city. Damage is estimated at least \$5 million.

Police Commissioner Gregory Sambor, interviewed Wednesday on a television news program, said, "We did not create any fire."

"The fire did start inside the house," said Mr. Sambor, who ordered the house demolished. He said that the police had tested the bomb on similar structures made of wood and tar paper without starting any fires.



Mayor W. Wilson Goode, right, defended in a television broadcast the decision by the Philadelphia police to bomb the headquarters of the back-to-nature group MOVE.

A resident of the neighborhood that burned in the ensuing fire, Leslie Garner, above, wore a shirt supporting the group. One of the co-founders of the group, John Africa, above right, was acquitted in 1978 of federal charges following a confrontation in which a Philadelphia police officer was killed.



"To the best of our knowledge, the MOVE members had spread flammable material in their compound and in neighboring areas," said, in explaining why the fire spread so quickly.

MOVE members had said they were "prepared to die," he said. Mr. Sambor said the rubble at the MOVE house was being excavated by a five-story crane. The house, he said, was "the most heavily fortified of any building I have ever seen in 35 years of police work."

The inside of the home was fortified with trees," he said. "Tree

trunks with the bark still on, and through which fireports were cut so they could shoot outside."

The police surrounded the MOVE compound in a neat, working-class neighborhood Sunday night and evacuated 200 homes. When they tried to enter MOVE members Monday on charges including possession of explosives and harassment of neighbors, a gun battle ensued.

Policemen in a helicopter dropped a bomb on the house Monday night to destroy a rooftop bunker and then the fire started. Shots from inside the house prevented firefighters from controlling the blaze.

Two MOVE members escaped their fortress with minor burns — 9-year-old Birdie Africa and Ramona Africa, who had been sought by the police on various charges and is being held on \$3 million bail.

MOVE follows a philosophy espoused by its founder, Vincent Leaphart, who later took the name John Africa. Its members, who use the surname Africa, avoided contact with bureaucracy, ate mostly uncooked food and welcomed vermin in their home as part of their back-to-nature outlook.



Output Declines In U.S.

Drop Is First
In Six Months,
The Fed Says

The Associated Press

WASHINGTON — U.S. industrial production fell 0.2 percent in April, the first decline in six months, the Federal Reserve Board reported Wednesday.

The central bank said its index of the total output at U.S. factories, mines and utilities fell for the first time since a 0.4-percent drop in October. April's decline followed a 0.3-percent rise in March.

[As the report of a decline in output was being made public, Larry Speakes, the White House spokesman, sought to allay fears about savings and loans associations in Maryland, where two such institutions have been placed under a state-appointed overseer, United Press International reported from Washington.]

"The federal system is safe and protected," Mr. Speakes said. "We're monitoring the situation at the Treasury. It has been discussed at the White House, but these are state matters." Details, Page 13.]

Sales of manufactured goods rose a slight 0.4 percent in March, and inventories declined for the first time in two years, the government said Wednesday.

The Commerce Department said that sales totaled a seasonally adjusted \$240.2 billion during March after a 0.3-percent February increase.

Total business inventories dropped 0.1 percent in March to \$78.2 billion. It was the first decline in inventories since a 0.6-percent drop in March, 1983.

The setback in production reflects the industrial sector's struggle to overcome the effect of America's worsening trade performance, where imports are outpacing U.S. exports by a record margin. Economists have also cited the trade deficit for limiting overall U.S. economic growth so far this year.

Analysts said the inventories decline reflected the general weakness in the overall economy and suggested that businesses were trying to cut their stocks of unsold goods because of weak demand.

The Reagan administration and some economists said they viewed a 0.9-percent increase in retail sales last month as an encouraging signal.

(Continued on Page 2, Col. 7)

U.S. Seeking Inspection Of Israeli Nuclear Sites

By John M. Goshko
Washington Post Service

WASHINGTON — The United States has asked to inspect secret nuclear installations in Israel to verify that American-made timing devices, allegedly obtained by surreptitious means, have not been used in making atomic weapons or re-exported to other countries, U.S. and diplomatic sources report.

The devices, tiny switches known as krytrons, provide the precise timing necessary for nuclear explosions. They are also used in oil-exploration equipment and medical equipment.

According to the sources, Israel has not replied to the formal requests for inspection made by the State Department. They added that the situation had potentially sensitive implications for U.S.-Israeli relations because the Israeli government was aware that U.S. policy forbids overseas sales of krytrons unless they are subjected to strict case-by-case review and licensed by the State Department.

If Israel is unwilling to permit such inspections, the United States wants Israeli officials to come up with an alternative means of accounting for an estimated 500 to 600 devices.

Washington has also called on Israel to return unused devices still in its possession, because they were never licensed for export, the sources said.

It became known this week that a federal grand jury in Los Angeles was investigating whether the devices were smuggled out of the country in violation of U.S. law.

Under the Atomic Energy Act and the Export Administration Act, violators could be liable to a 20-year prison term if it were proven that the devices had been exported for the national security advantage of a foreign country.

It has been widely assumed for years that Israel can make atomic weapons. U.S. officials have said, however, that Israeli secrecy prevents the United States from learning whether Israel has such weapons.

Israel's refusal to submit to international controls and inspection has also meant that, despite its close ties to the United States, it is barred by U.S. nuclear proliferation rules from obtaining devices such as krytrons that could be used in developing nuclear weapons.

The Israeli Defense Ministry, reacting Sunday to news of the grand jury investigation, admitted that it had obtained a number of krytrons between 1979 and 1983 and still had a large stockpile. The ministry said the devices had been used only in conventional equipment for research and development and testing and that none had been sent to other countries.

A Pakistani citizen, Nazim Ahmed Vaid, was arrested in June in Houston on charges that he had tried to obtain 50 krytrons and smuggle them out of the country. The Pakistani government denied that his actions were connected to its reported atomic bomb program.

Mr. Vaid, after being allowed to

(Continued on Page 2, Col. 6)

U.S. Progresses With Laser Weapon

By William J. Broad
New York Times Service

NEW YORK — Scientists at the Lawrence Livermore National Laboratory in California have made what appears to be an important advance in developing an X-ray laser space weapon powered by a nuclear bomb, U.S. scientists say.

The government scientists and others familiar with the top-secret research said Tuesday that the advance has increased the brightness and thus the power of the X-ray device by focusing its rays.

Major critics of a space-based missile defense system, which is strongly supported by President Ronald Reagan, have been briefed on the advance.

Dr. Hans A. Bethe, the Nobel laureate physicist who has been a key critic, wrote to the chief scientist on the space defense project soon after the briefing to say, "The X-ray laser should not be disqualified simply because it exploits a nuclear explosion as a power source."

Previously, Dr. Bethe has been publicly disparaging of the X-ray weapon, but it was not clear if the briefing was what changed his position.

The X-ray laser has been under development for nearly five years at the Livermore laboratory. It was a major catalyst in the start of the space defense plan, which Mr. Reagan calls the Strategic Defense Initiative and which is widely known as "star war."

The first-generation device was known as Excalibur, from the legend of King Arthur. The new device is known as Super Excalibur.

In recent months, Reagan administration officials have tended to play down the X-ray laser's importance in the five-year, \$26 billion research project on space weapons, emphasizing instead the use of nonnuclear devices to destroy enemy missiles in space. For example, these devices might hurl nonexplosive projectiles to destroy targets through their speed and impact.

As a result, one critic said Tuesday, the recent development at the Livermore laboratory is politically embarrassing, in a sense, to the Reagan administration.

Increased brightness is crucial if the laser in the X-ray range of the spectrum is ever to be effective against satellites and missiles in space, according to both defenders and detractors of the device.

The nuclear X-ray laser takes the power of a nuclear explosion and channels it into laser rods that emit powerful bursts of radiation. Over long distances in space, these rays would tend to spread out, gradually reducing the destructive power of the weapon.

According to government scientists, a method of focusing the rays was tested in Nevada in an underground explosion. The test occurred March 23, the second anniversary of Mr. Reagan's speech proposing a space shield to render nuclear weapons "impotent and obsolete."



Hans A. Bethe

According to the scientists, the key aspect of the advance is to use special optics to focus X-rays as they stream out of the nuclear explosion. Many critics had viewed the task as virtually impossible, since X-rays penetrate matter rather than being reflected by it.

(Continued on Page 2, Col. 7)

Shultz Says Nothing Set On Summit

The Associated Press

VIENNA — Secretary of State George P. Shultz said Wednesday that in talks Tuesday with the Soviet Foreign Minister, Andrei A. Gromyko, the superpowers had not set a time or place for a U.S.-Soviet summit meeting.

Mr. Shultz then left for Washington, declining to say whether the proposed meeting had been discussed during the six-hour session at the Soviet Embassy.

He had said previously on Austrian television, "We have not been able to settle on when or where that meeting will take place."

Mr. Shultz said that both sides obviously were interested in an exchange of views between President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, but, "We just have nothing to add to what is already known."

Mr. Reagan has invited Mr. Gorbachev to Washington, but the Russians apparently are more interested in meeting in New York in September when world leaders are attending the opening of the UN General Assembly.

Before leaving, Mr. Shultz had another 10-minute discussion with Mr. Gromyko, accompanied only by interpreters.

Austria Marks Independence
Austria marked 30 years of postwar independence Wednesday as governments from East and West praised its neutrality. Reuters reported from Vienna.

Mr. Shultz and Mr. Gromyko both said in speeches that the negotiations that led to the treaty showed that, given the will, talks could bring solutions to problems.

The former Austrian chancellor, Bruno Kreisky, a leading member of Austrian negotiating teams 30 years ago, said that the Austrian treaty laid the foundations of détente. "I express the wish that we return to this policy," he said.

The treaty was signed May 15, 1955, after 10 years of negotiations. It led to the withdrawal of occupying troops from the United States, the Soviet Union, Britain and France. Shortly afterward Austria declared itself permanently neutral.

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TOMORROW

The alternative press in the United States is seeking an older, more affluent readership.



Jean Dubuffet, the French artist, and David Rockefeller, chairman of the Chase Manhattan Bank, view a model of the sculptor's "Group of Four Trees" in 1972 at Chase Manhattan Plaza in New York. Mr. Dubuffet, 83, died Sunday in Paris. Page 5.

Soviet Raids in Pakistan Viewed as Bid to Deter Aid for Afghan Rebels

By Steven R. Weisman
New York Times Service

ISLAMABAD, Pakistan — The Soviet Union has stepped up air and artillery attacks inside Pakistan in recent months in what Pakistani officials say is an attempt to undermine support here for Afghan rebels.

The officials said Monday that their latest figures showed a doubling in the rate of attacks by Soviet planes along the northwestern border. They said there had been 93 violations of Pakistani airspace since the beginning of the year, compared with 88 such violations in all of 1984.

The increased activity has stirred new concerns among American and Pakistani policy-makers that the attacks could generate resentment and fear among Pakistanis over the toll being taken by the fighting in Afghanistan.

"The air incursions are important," a U.S. official said, "because if they keep continuing, they could create a public perception that Pakistan is somehow helpless in the face of them. They have a bad psychological effect, and they give ammunition to the opponents of Pakistan's policies."

Indeed, the attacks appear to have been a factor in what some call a growing tendency by critics of President Mohammad Zia ul-Haq to question the government's strong support of the Afghan rebels. Three million Afghans — one-fifth of the population — have fled into Pakistan since 1979.

In interviews, Pakistani and American officials expressed full confidence that public support for the Afghan rebels would not diminish. They predicted, however, that there will be a debate over the wisdom of that support when the Pakistani National Assembly convenes next month.

Such a debate would be likely to

force General Zia's government for the first time to mount a vigorous defense of his policies and answer his critics in a public forum.

A senior Pakistani official said that after meeting in Moscow in March with the Soviet leader, Mikhail S. Gorbachev, General Zia concluded that the Russians were growing "impatient" with the stalemate in Afghanistan.

This official said that Mr. Gorbachev had told General Zia that the Soviet Union was highly concerned about Pakistan's support for the guerrillas. The official said that Soviet incursions into Pakistani airspace were thus seen as an attempt to "intimidate" Pakistan in what he called "a war of nerves."

For years, it has been widely known that the United States has joined with Arab countries and others to help provide covert assistance to the Afghan rebels, who are waging a fierce battle against more than 100,000 Soviet troops, who began entering Afghanistan in December 1979.

[The U.S. Senate voted unanimously Tuesday to provide \$15 million in direct humanitarian aid to Afghans affected by the Soviet occupation. The Associated Press reported from Washington. The vote marked the first time that the Senate had publicly designated funds for this purpose.]

The Soviet intervention prompted President Ronald Reagan to provide Pakistan with a \$1.6-billion military aid package, including 40 F-16 jet fighters.

"Those planes are not meant for Pakistan to go out and find Soviet planes to attack in Afghanistan," a U.S. official said. "They are meant to prevent the Soviets from attacking the heart of Pakistan. That deterrence has worked."

Soviet Prisoners Reported

Afghan guerrilla sources told The Associated Press in Peshawar that scores of Soviet soldiers and pilots captured by the guerrillas in Afghanistan were being held and interrogated, inside Pakistan with the knowledge of the Pakistani government.

The Soviet Union asserted recently that 24 Soviet and Afghan soldiers were killed while trying to escape April 27 from a guerrilla camp about 10 miles (16 kilometers) from Peshawar, near the Afghan border. The Pakistani government, however, has denied knowledge that any Soviet or Afghan prisoners have been held in the country or that any were killed in an escape attempt.

Senior guerrilla and other Afghan sources, speaking on condition of anonymity, said in interviews that the guerrillas had been bringing Soviet prisoners across the border since 1981.



GANDHI HOLDS FIRM — Despite the urging of Sikh leaders in New Delhi, left, and some members of Parliament, Prime Minister Rajiv Gandhi of India, center, persisted Wednesday in his plan to visit the United States. Concerns about Mr. Gandhi's safety stem from the FBI's charge of a plot to kill him.

Egyptians, Israelis Seek To Clear Way to Summit

The Associated Press

CAIRO — Israeli and Egyptian negotiators held talks Wednesday to resolve issues that have clouded their relations and have blocked a proposed summit meeting between President Hosni Mubarak and Prime Minister Shimon Peres of Israel.

If the talks succeed, sources close to Mr. Mubarak said, such a meeting can be held by July.

Campaign Set For Tax Plan

(Continued from Page 1)

York, and Senator Robert W. Kasten Jr., Republican of Wisconsin, authors of a major tax-simplification proposal in Congress, have urged the White House to bring the top rate below 30 percent.

Officials said this idea was discarded Tuesday because the revenue loss could not be easily offset elsewhere in the plan. Mr. Reagan has pledged that the plan will be revenue-neutral, meaning that it will bring in approximately the same revenues as existing tax laws.

White House officials said they did not expect congressional advocates of tax simplification to embrace the new plan immediately. They said they hoped it would be seen as a "framework" for producing legislation in the next few months.

Egyptian and Israeli diplomats said the talks, held under heavy security in a hotel in Gaza on the outskirts of the capital, would cover several issues.

The most crucial topic for Egypt is settling the status of Tabā, a 250-acre (100-hectare) beach tract overlooking the Gulf of Aqaba at the southern end of the border between the two countries.

Israel retained control of Tabā when its soldiers withdrew from the Sinai Peninsula in April 1982 under terms of a 1979 peace treaty. Egypt wants Tabā's status settled by arbitration, but Israel wants to try mediation first.

A four-member U.S. team attended the afternoon session of the talks. U.S. Embassy sources said the Americans were participating as observers only in talks concerning the border dispute and would not be on hand for other talks.

Relations between Israel and Egypt soured after the Israeli invasion of Lebanon in June 1982. Mr. Mubarak recalled his ambassador to protest the invasion and a massacre of Palestinian refugees by Lebanese Christian militias who supported Israel.

Meanwhile, riot police used truncheons to rout hundreds of protesters outside Cairo's main synagogue. The protest appeared related to reports that a ceremony commemorating the 1948 founding of Israel was planned inside the synagogue. The Israeli Embassy denied that a ceremony was planned.

Mengele Reported Seen In Paraguay Last July

Wiesenthal Also Says Kohl Has Sought Aid in Preparing for Stroessner Visit

By Henry Kamm
New York Times Service

VIENNA — Simon Wiesenthal, the Nazi-hunter, says Josef Mengele, the German death camp doctor, was sighted in Paraguay as late as last July.

Mr. Wiesenthal, in interviews at his Documentation Center here in the last week, said the last confirmed sighting was in the settlement of Capitán Miranda, outside Hohenheim.

According to previous accounts, Dr. Mengele, 74, was seen in 1983 in Parral, Chile, and in Brazil. Other reports placed him in Paraguay in 1982.

According to Gerald Posner, a New York lawyer who is writing a book on him, in the 1960s Dr. Mengele narrowly escaped capture in by Jewish agents in the area of Capitán Miranda. The area was described as difficult to get to because it is near a closed military zone with several presidential summer homes.

Mr. Wiesenthal said he had informed Chancellor Helmut Kohl of West Germany that Dr. Mengele was seen at different times in July by three unidentified persons who do not know one another and who lived in different countries.

Mr. Wiesenthal wrote to Chancellor Kohl in response to a letter requesting assistance as West Germany prepares for a visit in early July by General Alfredo Stroessner, the Paraguayan leader.

A West German government spokesman, Karin Konrad, said Tuesday that she was unable to confirm the exchange of letters.

General Stroessner, who was born in Hof, Bavaria, and last visited West Germany in 1973, will be feted in Bavaria by an organization called the Institute for the Development of German-Paraguayan Relations. He is expected to be received by Bavaria's premier, Franz Josef Strauss.

The visit has been criticized by the main West German opposition party, the Social Democrats, and President Richard von Weizsäcker has, according to officials, extended a summer vacation abroad to avoid having to greet General Stroessner.

Mr. Wiesenthal said recent reports from agents and informers had convinced him that Dr. Mengele remains in hiding under Paraguayan government protection.

Dr. Mengele is wanted in West Germany, Israel and the United States for atrocities committed as a physician at the Auschwitz concentration camp, where he selected victims for the gas chambers and conducted fatal and maiming experiments on prisoners.

Mr. Wiesenthal said he believed

General Stroessner's visit to West Germany offered the best chance for bringing Dr. Mengele to justice. In Mr. Wiesenthal's view, as well as that of investigators in other countries, Paraguay's wishes are the key to apprehension.

Many investigators say that if General Stroessner wanted to deliver Dr. Mengele, his secret police could do so quickly.

Mr. Wiesenthal said that Chancellor Kohl, in a letter dated March 8, said he intended to "raise emphatically" the issue of Dr. Mengele's extradition. In view of the Paraguayan government's assertions that the wanted man is not in Paraguay, the chancellor continued, West German pressure would be more effective if Mr. Wiesenthal were to supply particulars to substantiate his belief that Dr. Mengele is there.

Mr. Wiesenthal told the chancellor that the Paraguayan government was in a position to profess that Dr. Mengele does not live in Paraguay because he has been living there since 1979 under an assumed name and as a citizen of an unidentified Central American country.

In February 1981, Mr. Wiesenthal informed Hans-Eberhard Klein, the Frankfurt prosecutor responsible for the West German case against Dr. Mengele, that the doctor obtained a passport of that Central American country in 1979. He was said to have done so through an office in the Washington area.

Document Reportedly Found

A document issued by an Italian Red Cross office in 1949 bears the fingerprint of Dr. Mengele, according to an Associated Press report on an article in a Frankfurt newspaper.

The Frankfurter Rundschau said U.S. and West German authorities searching for Dr. Mengele have obtained copies of the document, which is a temporary travel application issued in Genoa, Italy, to a Helmut Gregor and recently found in the archives of the Geneva-based International Red Cross.

The newspaper did not identify its sources for the article, which said Dr. Mengele's right thumbprint was on the document.

In Geneva, a Red Cross spokeswoman confirmed that copies of the application were recently given to U.S. and West German authorities. But she said she could not confirm that Dr. Mengele's fingerprint was on the document.

She said the document apparently was sent by the Geneva office to the archives in Geneva for storage and had remained there for years.

WORLD BRIEFS

Italian Communists Set Back in Cities

ROME (UPI) — Communists are expected to be shut out of office in all but two of Italy's nine biggest cities as a result of defeats in local elections last weekend, political commentators said Wednesday.

Bologna and Florence are the only cities among the nine where the Communists have the strength to take control of the city councils in alliance with other leftist parties. The Communists, Italy's second-largest party, formerly controlled six of the nine cities.

In the remaining seven cities — Rome, Milan, Turin, Genoa, Venice, Bari and Palermo — the five parties that form the coalition headed by Prime Minister Bettino Craxi, a Socialist, have won enough seats to form majority city councils. Five-party administrations also are expected to take over in scores of smaller cities.

Data Released on Korean 747 Flight

TOKYO (AP) — The pilot of the Korean Air Lines airliner shot down by a Soviet fighter in September 1983 said Tokyo air control about his altitude during the last minutes before the attack that killed the 269 persons aboard, according to data released Wednesday by the Japanese government.

In a news conference, Yuuka Hata, a member of the upper house of the Diet from the ruling Liberal Democratic Party, said the data revealed that the pilot of the Boeing 747 had taken command and was not relying solely on an automatic pilot system during the last minutes.

The new document was issued in the name of Prime Minister Yasuhiro Nakasone and was delivered in reply to a formal query submitted by Mr. Hata last month. However, a research group led by Mr. Hata and Hideyuki Seta, a Socialist member of the upper house, did not offer possible reasons why the pilot would have given wrong information to air traffic controllers.

Sweden called off a 13-day strike by teachers on Wednesday but said that work stoppages by other servants would continue until wage demands were met.

Lars Backlin of the TCO-S union said the strike by some 6,000 teachers would end at midnight Wednesday to relieve pressure on students and their parents. "We believe the teachers' strike has made its point," he said.

About 23,000 teachers still will be affected by a lockout imposed last weekend, unless employers respond to the union gesture and allow schools to reopen.

The union's chief negotiator, Rune Larsson, said the union was eager to get negotiations started again. Swedish companies said Wednesday they would face serious problems if the strike, which has reduced the country's foreign trade to a trickle, was not settled soon. About 70,000 public-sector posts have been unmanned because of the strike and retaliatory lockouts, which have halted air traffic and closed customs offices at all but a few ports.

China Paroles Lawyer Jailed as Spy

BEIJING (AP) — China said Wednesday it had paroled a Hong Kong-born, Harvard-trained lawyer jailed for spying two years ago in a case that focused attention on arbitrary arrests and secret detentions in the Chinese justice system.

The news agency Xinhua said that parole for Hanson Huang, 34, was based on his "prison behavior and willingness to serve Chinese modernization." Mr. Huang, who once worked for a U.S. law firm, disappeared in January 1982 during a visit to Beijing. The government did not acknowledge until February 1985 that he had been arrested, tried as a spy and sentenced to 15 years at an undisclosed prison.

The announcement said Mr. Huang was paroled by an unidentified judge of the Beijing Intermediate People's Court. It did not disclose Mr. Huang's present whereabouts or explain whether he would be allowed to leave the country.

For the Record

In the city of Anuradhapura, Sri Lanka, 10 Tamils were killed and 11 homes set on fire in reprisals against an attack by Tamil separatist guerrillas, police in Colombo said Wednesday. The death toll in the original attack on Tuesday rose to 145, they said. They also reported attacks on Tamil property at Puttalam on the west coast and Tissamaharama in the south. (AP)

Deputy Prime Minister Li Peng of China left Beijing for East Germany, Poland and Hungary on Wednesday. He is the highest-ranking Chinese official to visit the three East European countries in 20 years. (Reuters)

The death toll from Legionnaires' disease in Stafford, England, rose to 37 on Wednesday, officials said. Six nurses contracted the disease but have recovered and returned to work. The disease is not contagious. (AP)

In Yugoslavia, Radovan Vukobratovic, 63, took over Wednesday as president of the country's collective state presidency, the highest government body, the news agency Tanjug announced. The presidency is a rotating position. (AP)

The leaders of two U.S. allies in Central America are to meet in Washington with President Ronald Reagan, it was announced Wednesday. President José Napoleón Duarte of El Salvador is due at the White House on Thursday, and President Roberto Somoza Córdova of Honduras is to visit Tuesday. (AP)

U.S. Industrial Output Falls

(Continued from Page 1)

that the economy might be reviving after a sluggish first quarter.

Retail sales, boosted by a rebound in demand for automobiles, rose to a seasonally adjusted total of \$112.2 billion in April after a 0.7-percent drop in consumer spending the month before, the Commerce Department said Tuesday.

But, in early May, domestic car sales fell 8.6 percent compared with the year-ago period, the seven major carmakers reported.

General Motors Corp.'s sales were down 12.9 percent and Ford Motor Co.'s sales were off 3.0 percent. Chrysler Corp. posted a gain of 3.8 percent.

The seasonally adjusted annual sales rate for the U.S. industry in the May 1-10 period was 8.1 million, which is healthy but below the recent strong trend.

Some economists interpreted the April retail sales increase and an upward revision in the March data as signs that consumer spending is regaining lost momentum and will

help to boost overall economic growth in coming months.

"Retail sales in April are very supportive of the view that we will have a rebound in growth in the second quarter," said Allen Sinai, chief economist for Shearson Lehman Brothers.

He forecast growth from April through June of around 3.5 percent. This would be substantially stronger than the January-March rate of 1.3 percent.

Other economic developments Tuesday included a government report that Americans took on \$8.34 billion more in installment debt than they paid off in March.

The March increase was 7.7 percent below the \$9.04 billion advance registered in February, according to the report by the Federal Reserve Board. The February increase originally had been reported as \$10.37 billion.

Separately, the Labor Department reported Tuesday that jobless rates in 34 states and the District of Columbia in March were below those of a year earlier, but seven states still were experiencing double-digit unemployment.

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Check Sought Of Israeli Sites

(Continued from Page 1)

pleaded guilty to a reduced charge, was deported.

Sources familiar with the Los Angeles investigation said it centered on an Israeli businessman, Arnon Milchan, who allegedly worked with a Los Angeles company, Milco International, to obtain the kryptonides from their American manufacturer, EG&G Inc., a high-technology company in Woburn, Massachusetts, and transfer them to Israel.

Jack Donohue, an attorney for EG&G, said Tuesday that "we sold a number of these items" to Milco and that "as far as we know, the purchaser indicated they were for domestic use and there was no intention to export them."

One source said, however, that "it's clear on the face of things that the Israeli Defense Ministry knew that it was receiving restricted goods without having followed the prescribed rules."

"What remains to be seen," the source said, "is whether the administration or Congress will make a major issue out of this incident when it's dealing with Israeli aid or whether the matter will be soft-pedaled in exchange for an Israeli act of contrition."

Israel is the largest recipient of U.S. foreign aid. The administration has proposed aid levels for fiscal 1986 of \$1.8 billion in military assistance and \$1.2 billion in economic aid, as well as emergency economic assistance of \$1.5 billion to be spread over two years.

U.S. Candidates Spent Record in '84 Elections

The Associated Press

WASHINGTON — Candidates spent a record \$374 million on last year's congressional races, up 9.3 percent from the 1982 elections, the Federal Election Commission reported Wednesday.

In the previous two congressional elections, spending climbed at rates of 43 percent in 1980 and 23 percent in 1978.

Scientists familiar with the recent underground test say that the results, while generally positive, were in some cases ambiguous.

"It was a very good experiment," said one scientist, who requested anonymity. "Some parts worked well. Some didn't. But nothing was so good for Teller to be so euphoric." He referred to Edward Teller, a physicist at Livermore who played a central role in developing the hydrogen bomb and has vigorously promoted development of the nuclear X-ray laser.

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U.S. Progresses on Laser Arms

(Continued from Page 1)

or than being reflected, bent or focused by it.

However, in testimony last August before the House Republican Study Committee, Dr. Robert Jastrow, a physicist at Dartmouth University who is a proponent of the space-based missile system, said that ways would be found to focus radiation. The X-ray laser, he said, "is one of the most promising possibilities for a defense against Soviet missiles."

Scientists familiar with the recent underground test say that the results, while generally positive, were in some cases ambiguous.

"It was a very good experiment," said one scientist, who requested anonymity. "Some parts worked well. Some didn't. But nothing was so good for Teller to be so euphoric." He referred to Edward Teller, a physicist at Livermore who played a central role in developing the hydrogen bomb and has vigorously promoted development of the nuclear X-ray laser.

"To turn it into a weapon system would take maybe a dozen other tests," the scientist added.

Trying to interpret the results of underground nuclear tests is complex. Analysis and debate often continue for months after.

In an interview, Dr. Bethe referred to Mr. Reagan's plan, saying: "I still feel that SDI as a whole is nonsense, but within it one should not discriminate against the X-ray laser. You should not rule out any specific technology for political reasons."

Although weapons experts in the national laboratories are eager to pursue X-ray laser research, some military officials in the Pentagon see substantial difficulties. The problems include treacherous terrain, the need for quick deployment of the weapons in space, special time constraints on trying to get them quickly into space during a Soviet attack, and the damage that exploding nuclear weapons would inflict on nearby satellites.

House Budget Plan Freezes the Military, Not Social Security

By Margaret Shapiro

WASHINGTON — Democrats on the Budget Committee of the House of Representatives have agreed on a fiscal year 1986 budget plan that would trim \$36 billion from federal spending. It would freeze military spending, with no increase for inflation, and would not reduce Social Security benefits or raise taxes.

A one-year freeze on Social Security was a key part of the \$36-billion deficit-reduction budget passed Friday by the Republican-controlled Senate. The Senate plan would allow military spending to rise at the rate of inflation.

The plan the House Democrats agreed to Tuesday night also would reduce many domestic spending programs while protecting those targeted at the poor.

Because Democrats control the budget committee, 20-13, their plan is likely to be sent to the House floor. The committee's chairman, William H. Gray 3d of Pennsylvania, said he did not know if it would be approved there.

Mr. Gray said the military spending freeze would not hurt the United States because, due to previous funding obligations, the Pentagon would have approximately \$15 billion more to spend next fiscal year than it did in 1985.

"No contract, no equipment, no weapons system would have to go on the chopping block with this budget," he said.

[Representative Dick Cheney, Republican of Wyoming, appearing Wednesday morning on a television interview, said House Republicans would "try to get the

defense number back up at least as high as it is in the Senate," United Press International reported.]

President Ronald Reagan has said he backs the Senate's plan and will give no more ground on military spending.

Some members of the budget committee, speaking before their final vote on the plan, said additional savings in military spending would be used to protect domestic programs Mr. Reagan had proposed eliminating. They include mass transit subsidies, the Amtrak rail system, Urban Development Action Grants and the Small Business Administration.

But these programs still would be reduced substantially by the Democrats. For instance, they would cut grants for urban development by about 10 percent and Amtrak's funds by about 7 percent, or about \$5 billion.

They also said revenue sharing with local governments would be reduced by 25 percent in fiscal 1986 and then eliminated, while mass transit subsidies would be frozen. Education funding would get a small increase, and such programs targeted at the poor as Medicaid and food subsidies would receive enough funds to cover inflation.

Mr. Gray said that, in addition to protecting senior citizens by refusing to freeze cost-of-living adjustments for Social Security and other retirement plans, the budget committee Democrats had rejected the "tremendous" cuts in Medicare approved by the Senate.

The Senate voted to reduce funding for Medicare, the health-care program for the elderly, by \$16.3 billion over three years.



William H. Gray 3d

Weinberger Makes Proposal
Defense Secretary Casper W. Weinberger recommended Tuesday that Congress reduce inflation and other contingency accounts in the Pentagon budget rather than cut weapons programs, The Washington Post reported.

He listed \$4 billion in cuts from the fiscal 1985 budget that could be credited to fiscal 1986 to avoid cutting into military programs. This would "reduce the likelihood" that the Pentagon would have to come to Congress later this year to request supplemental funds for fiscal 1986, he said.

Mr. Weinberger's recommendations came after he had studied the impact of the Senate's action on military spending. The Pentagon said in a press release. It said he concluded "that the new budget levels cannot be accommodated without seriously impacting the defense program."

Under Mr. Weinberger's offer, \$1.6 billion would come from the surplus in this year's account to cover inflation; \$1.5 billion from money that has been set aside but not obligated to contractors, with \$1 billion of that amount in procurement and most of the remainder in research; and \$900 million in cash kept in various funds to pay bills.

United Air And Pilots Near Strike Deadline

By Douglas B. Weaver

WASHINGTON — The Air Line Pilots Association and United Airlines, the largest U.S. carrier, are nearing a strike deadline in tough contract negotiations.

A 30-day cooling-off period expires at 12:01 A.M. New York time Friday and, if there is no resolution, the pilots' group says that United's 4,900 pilots will walk out.

Negotiations opened their third consecutive day of federally mediated talks Wednesday, United Press International reported from Boston. Both sides reported little progress Tuesday.

The central issue is whether the pilots' group will let United hire new pilots for lower wages than it now pays beginners and maintain them for many years at lower pay than that earned currently by United pilots.

United says that in a strike it would fly some of its schedule with new pilots that it has been training, and with an undetermined number of management pilots.

However, industry observers say many pilots who belong to the association would have to cross the picket line before United could fly a significant portion of its schedule.

United carried 41 million passengers last year, the most of any U.S. carrier. The number represents about 15 percent of all domestic airline trips.

The salary table United wants for the pilots is called a "two-tier" schedule. American Airlines negotiated such a contract with the Allied Pilots Association in November 1983, and United says it must have the same thing to remain competitive.

United is healthy financially. It led the industry in revenue last year at \$6.2 billion, operating profit of \$564 million. Incorporated, as American Air hires more beginners at cheaper wages, its costs will go down compared with United's.

"The company's No. 1 objective is to obtain a cost-competitive contract without a strike," said a United spokesman, Chuck Novak. He said the average United pilot, including captains, first officers and second officers, was paid \$91,200 a year for 81 hours of flying a month.

United has completed negotiations with two unions, the Association of Flight Attendants and the International Association of Machinists and Aerospace Workers. Two-tier salary schedules were negotiated in both cases.

Local Balloting In Ulster Tests IRA's Following

The Associated Press

BELFAST — Northern Ireland voted in local elections Wednesday that were seen as a significant test of the outlawed Irish Republican Army's following in the province.

The ballot marked the first time that the overwhelmingly Catholic IRA's legal political wing, Sinn Féin, has competed in elections across the predominantly Protestant province and promised to participate actively in politics.

About 1.1 million people were eligible to vote for party lists covering 989 candidates for 26 local councils. First results of the hand-counted ballot were not expected before Thursday.

For the first time, Sinn Féin is entering elections across the province and, equally important, is promising to take whatever seats it wins and participate actively in politics.

Candidates from Sinn Féin contested 91 of the 566 seats up for election.

Taxing Americans Abroad

Bill Would Cut Overseas Exclusion by 50%

By Robert C. Siner

WASHINGTON — Provisions that could levy a minimum tax on many Americans working abroad who claim the earned income and housing exclusions have been introduced by Senator Daniel Patrick Moynihan, Democrat of New York.

The measure would impose a 15-percent tax on combined salary and allowances, interest, and dividend income exceeding \$40,000, or \$50,000 for a married couple filing a joint return. Corporations would

have to pay a 15-percent minimum tax on income exceeding \$100,000.

At present, the first \$80,000 of income earned by Americans abroad is excluded from U.S. taxes.

Taxpayers would still be allowed to take such personal deductions as charitable contributions, medical expenses, home-mortgage interest, U.S. state and local taxes and casualty losses. However, tax-shelter losses and preferential treatment of certain forms of income would not be allowed.

Applied to taxpayers abroad, the minimum tax would be computed by finding the "net taxable income," the total of all salaries, bonuses and allowances.

From this amount the taxpayer would subtract \$40,000, or \$50,000 for a married couple, the personal exemption and the major personal deductions or the standard deduction.

The minimum tax would be 15 percent of this figure. A taxpayer would compare this with any tax owed using Section 911 of the U.S. Internal Revenue Code, under which some taxpayers living abroad may deduct part of their housing expenses, and pay whichever is greater.

However, this minimum could be reduced on a dollar-for-dollar basis by crediting any income taxes paid to a foreign country. The foreign-tax credit is not affected by the Moynihan bill.

In introducing the minimum tax bill, which was co-sponsored by Senator John H. Chafee, Republican of Rhode Island, Mr. Moynihan cited 67 major corporations

that paid no corporate taxes and 25,000 individuals with income over \$50,000 who paid no U.S. income tax. In most cases, Americans living abroad paid income taxes in the countries where they resided or did business.

Mr. Moynihan called on Congress to restore "the basic principle of fairness, the basic democratic ethos of sharing the burdens as well as the bounties of the American polity."



Daniel Patrick Moynihan

Police in U.S. Turning To More Powerful Arms

The Associated Press

NEW YORK — Philadelphia police used a wide range of weapons, from powerful water cannons to a plastic explosive that started a fire that burned nearly 60 homes, in their attempt to remove members of the radical group MOVE from a fortified row house.

The incident illustrates a nationwide trend. As confrontations with drug dealers, terrorists and other heavily armed criminals become more common, police departments are using new kinds of weapons, both lethal and nonlethal.

Police in Los Angeles even have a tank, which they use as a battering ram against criminals' fortified hideouts.

In most police departments, the six-shooter is still standard equipment. But many police departments have replaced the .38-caliber, six-shot revolver with semiautomatic weapons that fire more shots, reload more quickly and are more powerful.

It is generally the smallest of the nation's 19,000 police and sheriff's departments that are first to adopt new weaponry because they can make changes with less expense, according to Leslie Dees, president of the Police Marksmanship Association, an organization of policemen who are gun enthusiasts.

Another reason, Mr. Dees said, is that the smaller departments "are the ones where the Green Beret goes back and becomes the man in charge of the police department because he's the expert." Green Berets are members of the U.S. Army Special Forces, an elite unit trained in the use of special weapons and tactics.

"We see that," said Robert Haas, a spokesman for Smith & Wesson, a gun manufacturer. "The guys who were in Vietnam are much more concerned about their weapons than older officers."

Leo A. Brooks, 52, Philadelphia's managing director and the man who coordinated Monday's daylong siege against the MOVE stronghold, is a retired major general who saw two tours of duty in Vietnam.

There are reasons for using new weapons other than the simple fact that they are available or because officers are intrigued by high technology. Reasons contributing to

Students, Police Clash During Protests in Seoul

The Associated Press

SEOUL — About 125 student demonstrators have been detained by the police after anti-government protests, sources said. The police and other authorities, following usual practice, declined comment on the incidents.

Several hundred students shouted slogans near the Seoul railroad station late Tuesday, then broke into small groups, witnesses said. Demonstrators hurled stones, flaming torches and gasoline bombs clashed repeatedly with riot police, who fired tear gas in attempts to control the protesters.

Anti-Thatcher Right Gaining Ground

By Karen DeYoung

LONDON — Unease within the Conservative Party over Prime Minister Margaret Thatcher's hardline economic policies continues to grow, keeping pace with increases in the unemployment rate and the opposition's standing in polls.

The latest attack from within Mrs. Thatcher's party, following her poor showing in county elections May 2, was the formation of a splinter group, called Conservative Center Forward, by 32 Conservative members of Parliament.

In a speech Tuesday at Oxford University, Francis Pym, the former foreign minister and chairman of the splinter group, said Mrs. Thatcher's government had "imprisoned itself in an ideological strait-jacket."

He accused it of "throwing the baby out with the bath water" in its zeal to overturn the 1970s policies of the Labor Party. Noting that unemployment has nearly tripled since Mrs. Thatcher took office in 1979, he said the country's economic recovery "literally does not exist" for most Britons.

Members of Conservative Center Forward have called for increased public spending and an "industrial strategy" that allows for more government intervention in pursuit of jobs and higher competitiveness for British industry. All these are anathema to Mrs. Thatcher's free-market, private-enterprise policies.

Such outspoken dissent is normally the province of the Labor Party, with militant leftists frequently differing with the party's more subdued center-left. Mr. Pym tempered his remarks with opening and closing statements that members of his group were not "disloyal and disagreed not with Mrs. Thatcher's objectives but with her strategy."

Mrs. Thatcher has appeared undeterred by opposition from outside the party, and she and her



Francis Pym, the former British Foreign Secretary, sat by himself as he awaited a speech by Queen Elizabeth II.

spokesmen have tended to respond to internal dissent by ridiculing or ignoring it. Asked Tuesday in Parliament to repudiate the new group, Mrs. Thatcher quoted one line from Mr. Pym calling the Labor Party "anti-democratic" and said she "heartily agreed."

Mr. Pym and most other members of his group are well-known "wets," or members of the party's moderate wing in Parliament. The public nature of their criticism has raised the stakes of the challenge, and coincides with the increasingly negative aspect of a number of other indicators.

Chief among them is unemployment, now at about 13.5 percent of the work force. According to the

Gallup Poll's April Political Index, 80 percent of Britons consider unemployment the country's most urgent problem, and a large number of those polled said Labor was best able to deal with it.

Only 38 percent said they were satisfied with Mrs. Thatcher as prime minister. As have other recent surveys, the Gallup Poll showed voting support for Labor to be several points higher than for the Conservatives.

But neither the Conservative Center Forward group nor the split opposition appears to be in a position to seriously interfere with Mrs. Thatcher's plans to win a third term in general elections that will be held by the fall of 1988.

Philippines Arrests 5 Rights Lawyers

By Steve Lohr

MANILA — Several human rights lawyers have been arrested recently, and attorneys' groups and opposition politicians say that President Ferdinand E. Marcos's government is trying to intimidate rights lawyers and frighten opponents.

Five human rights lawyers have been arrested and detained by the military in the past two weeks. All are members of the Free Legal Assistance Group, an organization of 290 lawyers throughout the Philippines who handle human rights and national security cases.

The lawyers in the group typically defend clients against the government and the military. They are often some of the most outspoken members of the political opposition in their local regions.

"These arrests are politically motivated," said Homobono Adaza, an opposition member of the national assembly from the southern island of Mindanao. "The government is trying to dismantle the legal apparatus of the opposition."

A human rights lawyer, Marcos Risner Jr., was arrested Monday in Davao, the largest city of Mindanao, the southern Philippines island where the Communist New People's Army has its stronghold.

Astudillo and Alberto Benesa, two lawyers from the legal group in Abra Province on the main island of Luzon, were taken into military custody two weeks ago.

The lawyers have been arrested on the authority of so-called preventive detention actions. A preventive detention action allows the military to arrest a person without an application to civilian authorities, with Mr. Marcos's approval. It is determined that an individual would "endanger public order and safety as well as the stability of the state before proper warrant could be obtained."

The detained lawyers have not yet been shown the charges or detention actions authorizing their arrests, according to lawyers from the legal assistance group.

"Marcos can do whatever he wants and he has decided to crack down on human rights lawyers," said Joker Arroyo, chairman of the Human Rights Committee of the Free Legal Assistance Group. "The government is instilling fear in those who oppose it."

The plight of the lawyers has alarmed a U.S. legal group, which monitors developments in the Philippines.

"This systematic harassment of lawyers dealing with human rights cases is very disturbing to us," said Diane Orentlicher, deputy director of the Lawyers Committee for International Human Rights.

contended that those arrested were engaged in subversion or aiding subversives. Little has been said officially about the two lawyers in Abra, but the Philippine constabulary in Mindanao did issue a press release explaining the detention of Mr. Ilagan.

In the press statement, the military said that Mr. Ilagan had "late" been engaged in human rights lawyering for suspected persons detained for subversion, rebellion and other charges" and that his arrest was "long overdue."

Mr. Ilagan is the Mindanao chairman of a leftist opposition group called Bayan. It led a general strike for two days this month on Mindanao. The strike brought normal travel and business to a standstill on much of the island.

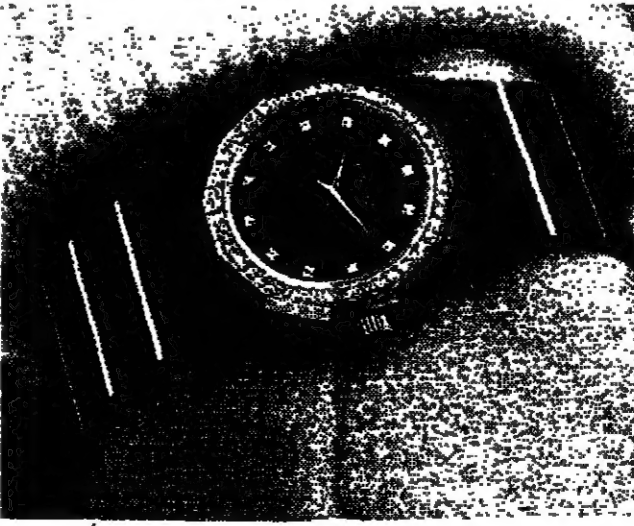
The two arrested in Abra were the only human rights lawyers in the area.

"So now the military has a free hand in Abra," said Maria Socorro Diokno, administrator of the Free Legal Assistance Group.

Baldridge Mission to India

The Associated Press
NEW DELHI — The U.S. commerce secretary, Malcolm Baldridge, arrived here Wednesday from China on a major visit to promote trade, investment and the transfer of high technology. He said that liberalized policies had made India more attractive to U.S. business.

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Carry On With SALT-2

In kinder times, there would be no question but that the United States would decide without much fuss to keep in force the terms of an old, admittedly imperfect arms control agreement while working on a new and supposedly better one. For the Reagan administration, however, it is a tough question whether to continue respecting the never ratified SALT-2 treaty, which the president at first pronounced "fatally flawed" but later reluctantly agreed not to undercut so long as Moscow did not undercut it either. The date at which the treaty would have expired is coming up, and even sooner the United States must decide whether to retire some old missiles in order to make room for new ones under the SALT-2 lid.

Within the administration a range of opinion is evident. Important figures on the political side continue to regard SALT-2 as a symbol of the failure of past arms control accords to do more to strengthen American security and as a damaging restraint on American arms-building programs. That the Soviets say they can still live with SALT-2 is taken as evidence that the restraints are not too tough enough. It is suggested that breaking out of SALT-2, far from complicating the Geneva talks, would give Moscow added incentive to consider the proposals Washington is making there. Anyway, why should the United States honor an agreement when many questions about Soviet compliance are still hanging?

Elsewhere in the administration, including on its military side, there is another emphasis. There is, for instance, a disposition to believe that the Soviets are considerably better placed to deploy threatening new weapons than is the United States without SALT-2. To understand why, you need merely look at the bedraggled history of the MX. Military officials can identify no good military reason to go past the SALT limits. Diplomats worry how American allies would react to the spectacle of an American breakout. Many observers feel that Congress would react sharply to that spectacle by taking new budget hostages. The best cure for the flaws in past restraints and verification standards, many of these officials feel, is progress in Geneva — something arguably more likely to come in an atmosphere undisturbed by the detonation of SALT-2.

Liberal arms controllers argue that the very process of arms control is as important as the product — the agreements, which so far have turned out to be pretty thin. At this late date, however, no one can really think that President Reagan is going to change spots and adopt this sort of questionable reasoning.

Nor is it necessary for him to do so. In his own administration, among people devoted to his conservative principles, there is comfortable support for continuing to observe the terms of SALT-2. He should do it.

— THE WASHINGTON POST.

Helms vs. Birth Control

Senator Jesse Helms and his supporters are continuing their fight to dismantle U.S. aid for birth control programs in developing countries. Senator Helms has attached a crippling amendment to the foreign aid bill now being considered on the Senate floor and may try to add even more destructive language.

Obviously the Helms amendment is intended to prevent U.S. money from being used for coerced abortion and infanticide in China — alarming reports of such practices have been widely circulated — and this is an objective with which no one would quarrel. But the fact is that, under current law, no U.S. money now supports such activities either directly or indirectly. The Helms amendment is thus unnecessary for its stated objective.

It is also dangerous. It would prevent any U.S. money from being used, either directly or indirectly, in any country that "permits, officially or in practice, infanticide or coerced abortion," or by any organization that gives any kind of direct or indirect aid to such country. Senator Helms states in a draft report that the language is deliberately "very broad" so that aid may be cut off not only to China but also to any other country in which the forbidden practices might be suspected, even if they were without official sanction.

Since infanticide is a tragic occurrence in nearly every country of the world, including

the United States, a rigorous application of the amendment obviously could serve to terminate all birth control aid. The most direct casualty of this amendment would be U.S. assistance to the useful and well-accepted United Nations birth control programs. The United Nations includes China among its aid recipients. However, contrary to recently published allegations, UN money is narrowly confined to stated purposes and no UN money has ever been used for abortion, whether voluntary or coerced, much less for infanticide.

Senators who are rightly concerned that U.S. money not be misused do not have to rely on birth control advocacy groups for this assurance. The Reagan administration's own Agency for International Development has repeatedly investigated UN programs and reaffirmed that they conform to long-standing U.S. policy against aiding even voluntary abortions. The most recent report, issued only two months ago, once again gave the United Nations a clean bill of health. Of course, the United States should use all its moral suasion to press for stronger action by the Chinese government against coercive practices. But senators should remember that voluntary family planning programs are the best-proven and most humane way to reduce resort to the age-old practices of abortion and infanticide.

— THE WASHINGTON POST.

Private Bank Insurance

Only a few weeks ago Ohio's privately insured savings and loan associations buckled under a wave of scandal and depositor panic. Now Maryland's privately insured thrift institutions are under severe strain due to large withdrawals of deposits. Two of these institutions have been taken over by the conservators of the insurance fund but others are in jeopardy and looking for federal help.

Nothing that has happened in Ohio or Maryland puts federally insured bank deposits at risk. But the federal government's concern is certainly justified. The two crises suggest that private insurance offers inadequate protection to depositors and poses a threat to America's national banking system.

Congress should insist that privately insured thrifts switch to federal insurance or, if they cannot qualify, close up shop.

In Maryland — and also in Massachusetts, Pennsylvania, North Carolina and Ohio — state-chartered savings and loans have been able to avoid tighter federal regulation of lending and higher federal insurance premiums by joining private insurance pools. When two such Maryland thrifts were about to default on obligations last week, the insurer stepped in.

The Maryland Savings Share Insurance Corporation could probably have covered the losses of the two, but if others also get into deeper trouble the fund might run short. If that should happen, the Maryland Legislature would have to decide whether to make good on the insurance fund's unpaid debts or leave depositors to lose some of their money. Surely

the state bears some responsibility to depositors who had reason to believe that state regulators would protect them.

That is not, however, the end of the matter, as uneasiness in North Carolina shows. The line between a state's private insurance system and federally insured systems elsewhere is not a reliable barrier against losses of confidence.

When Ohio's private system went belly up, depositors in nearby federally insured Ohio banks were sophisticated enough to understand that their money remained safe. But the Ohio crisis triggered an abrupt decline in the value of the dollar overseas. How foreigners — or Americans — would react to more bad news from Maryland is not known. But a world financial system already buffeted by explosive movements of capital would surely be better off if it avoided gratuitous strains.

The prudent course would be for Congress to set a timetable for ending all private deposit insurance systems. Even federal insurance is no panacea. Many federally insured savings and loan institutions are in weak financial condition — and getting weaker. Regulatory reforms to prevent their managers from betting the store on speculative loans and investments are overdue.

But federally insured thrifts, however serious their problems, at least have the benefit of Congress's determination — and capacity — to guarantee their deposits. That cannot be said for deposits in the still privately insured offshoots of the thrift industry.

— THE NEW YORK TIMES.



'I thought the Americans took care of this sort of thing.'

The CIA in Beirut: Less Than Extreme Caution

By Joseph Kraft

WASHINGTON — The latest front-page appearance of the CIA provides one more piece of irrefutable evidence that the United States should engage in ambitious covert operations only with the utmost caution. Even if the agency were absolutely first-class in such matters, which it is not, the nature of American society makes exposure of failure practically certain. When that occurs, American agents become subject to retaliation and a precious resource of national security, the whole intelligence community, gets a black eye.

Terrorism in Lebanon provides the background to the most recent fiasco. As that country began to disintegrate in factional warfare last year, Americans on the spot became increasingly subject to violent incidents, ranging from threats through kidnapping to car bomb attacks on the U.S. Embassy and the marine headquarters in Beirut. Several top officials — including Secretary of State George Shultz, CIA Director William Casey and National Security Adviser Robert McFarlane — came to the conclusion the United States should develop, if only to protect its agents, a covert capacity to penetrate and pre-empt action by anti-American terrorist organizations.

It is naïve to the point of criminal stupidity to suppose that large-scale operations can long be kept secret if they fail.

At the end of 1984 Mr. Reagan signed the order authorizing such action. His decision was cleared with the chairman and vice chairman of the House and Senate intelligence committees. With those mandates, the CIA began to develop a covert counterintelligence capability in cooperation with the intelligence arm of the government of President Amin Gemayel. But the Lebanese regime is more a faction among factions than a central government.

After receiving American training in counterterrorism, Lebanese intelligence agents went into business for themselves. On March 8 they tried to wipe out Mohammed Hussein Fadlallah, the leader of an extremist Shiite group thought to be responsible for terrorist attacks against Americans in Lebanon.

A powerful bomb was exploded near his home in the outskirts of Beirut. Some 80 people were killed by the explosion, but not Mr. Fadlallah. The story of that fiasco leaked. An account was published in The Washington Post of

May 12. Even before the story was out, various parties began running for cover.

Some officials in the CIA claimed they had always insisted that the operation be limited to fact-gathering, because anti-terrorist operations were too dangerous. The CIA itself put out a statement saying it had "no foreknowledge of the bombing incident." The agency disclaimed "any training of Lebanese security forces" involved in the March 8 incident.

Other intelligence operatives blamed Congress for leaking the story, and the press for publishing it. They asserted that vengeance would now be wreaked on American agents in Lebanon. Patrick Leahy of Vermont, the new Democratic vice chairman of the Senate Intelligence Committee, indicated that he wanted to put some questions — as if he were not bound by the actions of the previous vice chairman.

Second-guessing failure is nearly as odious as

trying to shift the blame to others. But there are constants that run back from the Beirut incident through the mining of Nicaraguan harbors to many previous episodes. They provide a set of the givens, the normal ingredients that have to be considered in planning any covert operations — the material for first-guessing.

For one thing, America is an open society. Government agencies constantly bicker with one another, taking their complaints to Congress and to the press and television. It is naïve to the point of criminal stupidity to suppose that large-scale operations, if they do not succeed, can long be kept secret. Failure will out.

Second, working with foreign agents is particularly tricky. They have their own agendas. They usually have scores to settle with various parties in their own country. Some of their targets are not necessarily the targets of American foreign policy. Foreigners working in the terrorist field especially tend to be flaky, and they are therefore doubly unreliable.

Third, the cost of publicized failure runs high. The intelligence community comes back into the public pillory. U.S. agents abroad become subject to retaliation. A major asset of foreign policy is weakened, if not paralyzed.

Extreme caution should be exercised before engaging in covert operations. But the Reagan administration has thrown caution to the winds. Except for the oversight committees of Congress, it has practically wiped out institutional checks on dubious intelligence business. It has converted the president's Foreign Intelligence Advisory Board into a haven for right-wingers. And it has maintained at the helm of Central Intelligence a figure who combines insensitivity to ethical questions with a gung-ho spirit when it comes to clandestine operations of the most extensive kind — William Casey.

Los Angeles Times Syndicate.

LETTERS: 'The heart of the matter is not war guilt but Nazi guilt'

The Seeds of Anti-Semitism

The heart of the matter is not war guilt but Nazi guilt. The Nazi horrors were not accidents or by-products of the war, but the systematic realization of a declared program. Without denying national responsibility, we of course reject the racist notion of a "guilty nation." But differentiation between Nazism and the German nation demands a clear break with the Nazi past. The Bitburg visit has not helped that. It is a pity.

ISTVAN DENES, Budapest.

As an American Jew living in Germany, I am all too aware of the seeds of Nazism buried in the guilt of this great country. The weed is dead but the seeds remain.

MARC ARONOFF, Munich.

In 1984 I voted for Ronald Reagan. His insistence upon visiting the Bitburg military cemetery has left me incredulous.

BARUCH J. HURWICH, Jerusalem.

I was awakened the other day at 4 A.M. by an anonymous telephone call: "Fifteen Jew, you deserve to die. Jew bastard, into the oven," and so on. Perhaps some felt emboldened, emboldened, absolved by a presidential blessing. While stressing "never again" and the need to remember, President Reagan may have conveyed by his very presence at Bitburg that what happened was not so bad after all, that it is all right now, thus encouraging not remembrance but forgetfulness.

JAMES ROSENSTEIN, Paris.

At Dachau, when asked for her reaction to Mr. Reagan's visit, Simone Veil, a survivor of Auschwitz, said, "California is a long way from the real world." (She did not say, as reported, "a long way from Europe.")

MARISA SEIFERT, Augsburg, West Germany.

On May 5 in Bitburg, police at the barrage on the main street, when asked why they were halting authorized demonstrators, replied that they were merely obeying orders.

DAVID SHINAR, Amstelveen, Netherlands.

Europe has a long history of having to fight against Germans, with all the suffering that entails. A lingering feeling remains that there is a streak of bellicosity in the German people that could return again.

CYNTHIA COLE, Monaco.

Students the world over, including Germans, are militant about what pertains them. Do German students agitate for less ambiguous penalties against convicted war criminals?

And why do visiting dignitaries like President Reagan not lay wreaths at the tombs of Germans who resisted Hitler?

ROBERT GREENGARD, Paris.

Who remembers the eight martyred hamlets south of Florence where 581 innocents were slaughtered by members of the Hermann Göring Division in the spring of 1944? Or the hundreds of other communities in the West and the thousands in Eastern Europe and the Soviet Union which suffered the same fate at the hands of Wehrmacht units?

JOHN DAY, Paris.



'Will everybody shut up? We're trying to sing "Lili Marlene".'

A Gesture of Reconciliation

President Reagan showed courage. His Bitburg visit is a symbol of the reconciliation that is vital to European and Western unity. I write this despite the fact that my country, Belgium, suffered gravely from the war.

R. PUTTEMAN, Luxembourg.

As an American student abroad, I salute President Reagan's gesture at Bitburg as an encouragement to the new generation of Germans, my generation, who have to live with the guilt of their ancestors.

GIGI PERKINSON, Toulouse.

Born in Berlin in 1931 as the son of a Prussian Jew who fought as an officer in the German army during World War I and whose very existence as a German citizen was de-

stroyed by the Nazis, I consider that the manner in which President Reagan's recent visit to my country has been commented upon by the American press in general and by your newspaper in particular is shameful.

It is one thing to ask, as Manes Sperber did, quoting Martin Buber: "Ain't who am I to presume the right here to forgive?" But does recent history really entitle you to pass judgment on my generation and that of my father? Did not the U.S. government refuse to do anything to save the European Jews? Did not the American army commit atrocities in Vietnam? Who are American journalists to presume the right to condemn a generation of Germans and to refuse President Reagan the right to honor the dead?

JUSTUS ALENFELD, Kronberg, West Germany.

Do U.S. executioners question their orders when they inject their prisoners with deadly poison or tie them to a chair to be fried?

RUDOLF VOLL, Hong Kong.

It takes a statesman to do certain unpopular things — Sadat's trip to Israel, de Gaulle's declassification of Algeria, Truman's decision to use the atomic bomb. Despite our personal losses in World War II and because of our relationship in the past 40 years, the majority of the American people understand and approve their president's gesture. West Germans have earned it. A national referendum on this subject would bear this out.

EDWARD BEACH CONDON, Marbella, Spain.

The average German dislikes President Reagan and could not care less what graves he walks past. Amid all this anti-German sentiment we may wonder why Germany should stay in an alliance that makes it an unprotected forward position full of weapons controlled by Americans from the safety of SDI-America. If it is still "Woe to the vanquished" after 40 years, then here's to neutralism!

OLAF RAABE, Braunschweig, West Germany.

Americans hated Hitler and a few of his crazy henchmen. The ordinary German soldier, and we had quite a few as prisoners of war working on our farms in the South and Midwest — was thought to be a clean fighter.

DOOLEY GILCHRIST, San Antonio, Texas.

Allied air raids turned the big cities of Germany into the blazing funeral pyres of more than 800,000 children, women and old men. The Germans are ashamed of the crimes of a mad dictator, but many Americans still justify those harrowing atrocities. Ronald Reagan and Margaret Thatcher should commemorate those victims of madness, too.

HERBERT A. KAMP, Saarbrücken, West Germany.

What Sort of Peace Is This?

While we Americans, with a misplaced sense of self-righteousness, shake our heads over the atrocities committed by the Nazis, it might be recalled that a German government has not been the only one to prepare horrifying technology capable of destroying millions of innocent people. The bulk of the American nation sits idly by or even justifies the deployment of nuclear weapons. A number of those who have been placed on the soil of those whom we expect to face continued shame for the slaughter of millions 40 years ago.

MARY TROYCHAK-WALLULIS, Murnau, West Germany.

President Reagan's "I am" sequence at Bitburg was very one-sided. "Never again" does not mean it can't happen again. It is happening in various places in the world today, and not only with Communist inspiration. What about all those oppressive regimes the U.S. government maintains? Further, what sort of peace is there to celebrate after 40 years in a world where both the United States and the Soviet Union continue an arms race that threatens it with total destruction?

ROBERT A. HAGAN, S.J., Rome.

While the Bitburg controversy raged, I read that the Canadian writer Farley Mowat had been barred from entering the United States, apparently because he wrote a book portraying the Soviets in a friendly light. As a Canadian I am beginning to wonder just what sort of values prevail south of our border.

SIMON FOWLER, Marbella, Spain.

Flora Lewis, in "Bitburg, 1985: The Damage Is Done, a Lesson Remains" (April 27), cited Ryszard Kapuscinski's reference to history as a river consisting of deep and permanent currents and of surface flows that appear and disappear. But she does not convincingly discern the deep currents in discussing them.

Unfortunately, the deep current involved consists of atrocities throughout history, which manifest themselves on the surface, only to submerge and re-emerge in endlessly varying forms. The enormous Nazi atrocities remain within view in the adult memory of still active people. Nevertheless, as surface manifestations of historical atrocities they are downstream of us, and the view upstream does not reveal any neo-Naziism of dimensions sufficient to be a serious future threat.

Other atrocities have since surfaced — terrorism, boat people, Cambodian genocide. Many stem from Marxist rule or activities. Unseemly political bickering over the particular manner of ongoing memorializing of the victims of past atrocities can distract from the priority of efforts to deal with surfaced problems of present and prospective atrocities.

JOHN CRABB, Ferney-Voltaire, France.

FROM OUR MAY 16 PAGES, 75 AND 50 YEARS AGO

1910: A Leader Soon in South Africa
JOHANNESBURG — The situation here on the eve of Lord Gladstone's departure is most interesting. Every colonial Premier is on the way to Cape Town, where they will meet the new Governor-General of South Africa [on May 17]. Lord Gladstone also must meet Lord Selborne, high commissioner for South Africa, and will hold consultations with him in order to familiarize himself with the situation. Mr. John X. Merriman, as the oldest politician in the oldest colony in South Africa, Cape Colony, would in the ordinary course be constitutionally chosen Premier of United South Africa, but the whole country, with the exception of the Orange River Colony and the western portion of Cape Colony, favors the appointment of General Louis Botha on account of the latter's youth and striking personality.

1935: European Trade Talks Begin
BRUSSELS — Fresh attempts to promote the economic unity of Europe were launched when the European Economic Congress opened its three-day session here [on May 15]. Among the delegates are the former Belgian Premier, George Theunis, and Mr. Pierre Fortin, who negotiated the Belgium-United States trade agreement. M. Paul Hymans, Belgian Foreign Minister, delivered the opening speech. Most delegates approve of Aristide Briand's proposal in 1930 for a "pan-European customs union," but owing to the present political difficulties it is expected that the congress will content itself with urging that the advanced ground seized by the League of Nations committee of experts in September, 1931, and lost in the subsequent outburst of national tariffs and quotas, be again attempted.

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Jean Dubuffet, Creator of l'Art Brut, Is Dead at 83

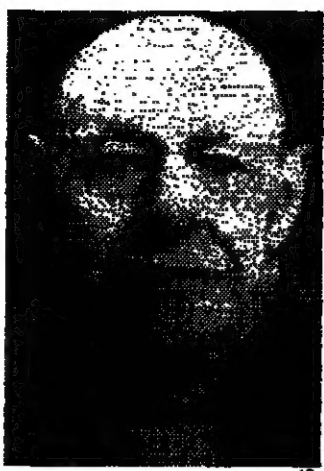
By John Russell
New York Times Service

NEW YORK — Jean Dubuffet, 83, widely regarded as the most important artist to emerge from France at the end of World War II and a master of French prose, died of emphysema Sunday in Paris.

In recent years, he was the recipient of large-scale sculptural commissions the world over. Mr. Dubuffet had an international reputation as painter, sculptor, printmaker, pioneer of idiosyncratic media of his own devising, collector, controversialist and correspondent. In all of these capacities he was inimitably vivacious, pungent and contrary.

It was in October 1944, just after the liberation of Paris, that he had his first solo exhibition at the age of 43. It caused an uproar of a kind that was to become ever more familiar over the next few years.

Mr. Dubuffet was known to many people in the Parisian art world as a dazzling talker, an excellent and extremely conscientious wine merchant, and a friend since his school years of some of the more gifted writers of the day. He



Jean Dubuffet

had tried to paint as a young man, but got nowhere and soon gave it up.

Few people knew what his first show would be like, but it was a shock to almost everyone when the work looked — so people said — like the work of a graffiti artist, an untrained child or a mental patient. "Is it art?" people asked, and all the most of them answered "No!"

He had made portraits of some of the most eminent men of letters in Paris and had painted street scenes, subway scenes and landscapes. But he had done these things as if the hierarchies of traditional art had no meaning.

All that mattered to him, as he said later in published writings, was energy, spontaneity, truth to self — and, with them, a spirit of insubordination and impertinence. These things led to a rough and ready, caricatural form of statement that was completely contrary to everything that was expected of a French painter.

In line with this, he ranked the obscure, the self-taught and the clandestine artist higher than the famous and highly priced survivors of an earlier age. He prized work that had never been seen and would never make the conventional grade, and he liked artists who worked for themselves alone, in secret. In time he formed an immense collection of work of this sort, which he gave to the city of Lausanne in 1972.

L'art brut, or art in the raw, was his name for this kind of art, and his advocacy of it was to have a considerable influence on painters

in many countries. Even much of what passes now as neo-expressionism can be traced back to l'art brut in one or another of its forms.

In New York, he had an early and immediate success at the time of his first solo exhibition — at the Pierre Matisse Gallery — in 1947. Fifteen years later a large retrospective exhibition at the Museum of Modern Art confirmed his stature. It also made it clear both that Mr. Dubuffet had the power to renew and redefine himself.

His was an aesthetic of continual change. "Unless one says goodbye to what one loves," he once wrote, "and unless one travels to completely new territories, one can expect merely a long wearing-away of oneself and an eventual extinction."

Along the way, the scourge of the establishment became the establishment's favorite. In particular his very large black and white sculptures in fiberglass became favorite adult playthings, and his theater piece, "Concom Bazaar" had a great success during the run of his retrospective exhibition at the Guggenheim Museum in New York in 1973.

Luxembourg Greets Pope As 'Pilgrim Of Peace'

Reuters

LUXEMBOURG — Pope John Paul II was welcomed by Luxembourg's head of state on Wednesday as a "tireless pilgrim of peace" when the pope arrived in the country after a turbulent four-day stay in the Netherlands.

In a speech to greet John Paul at Findel airport, Grand Duke Jean also described the pope as the voice of conscience in a troubled world.

John Paul shook hands among the small crowd that had gathered at the airport before traveling to the cathedral of Our Lady of Luxembourg.

At a service attended by the sick, handicapped and aged, the pope recalled Luxembourg's tradition as a bastion of the Roman Catholic faith. Faced with sickness, war, death, destruction and famine, Christians needed to trust in God as never before, he told his listeners.



Pope John Paul II read an address on arriving at Luxembourg's airport Wednesday. Grand Duke Jean is at right.

Spanish Officials Admit Spying on Opposition

By Edward Schumacher
New York Times Service

MADRID — Spanish officials have acknowledged that a government intelligence agency has infiltrated opposition political parties.

Deputy Prime Minister Alfonso Guerra said Tuesday that the government would conduct a thorough investigation of the spying.

The political espionage, first reported Sunday in El Pais, a leading daily newspaper, has angered opposition parties. The conservative opposition, the Popular Alliance, filed a lawsuit Tuesday demanding a court investigation. The group said that some of its confidential papers were taken.

Interior Ministry officials in the Socialist government of Prime Minister Felipe Gonzalez said that they had moved to curtail the political spying since they uncovered it in 1983. But the officials said that some of the espionage continued.

Mr. Gonzalez, who is attending a disarmament conference in Sweden, has made no comment on the disclosures.

Alberto Elias, head of the intelligence agency, the Interior Brigade, said that the agency has concentrated its attention mainly on extremist, nonparliamentary parties, although he acknowledged that it had collected information on the Popular Alliance as well.

Mr. Elias said that most of the information on the alliance had been filed away "because it did not have any value" and that "very little" had been passed on to the Socialist political appointees who run the Interior Ministry.

Manuel Fraga, president of the alliance, retorted, "It is very difficult to accept that the documents taken from here were not used."

Among the documents that El Pais said had been taken were reports by private consultants on ways to combat the Socialist government and confidential position papers that Interior Ministry officials acknowledged had shown up in the ministry before they were presented to the Spanish parliament.

Although Mr. Fraga calls the case a Spanish "Watergate," he has stopped short of accusing Mr. Gonzalez or other senior officials of running the spy campaign.

In part the case appears to exemplify the holdover independence of the intelligence agencies formed under Franco.

Of the eight agencies, some have been accused in the press of being behind assassinations of Basque separatist leaders and others of collecting information on officials and members of parliament.

The Interior Brigade has about 80 members divided into cells. According to officials, their responsibilities include spying on pacifist groups, Soviet residents and industrialists. The brigade's court-approved wiretaps were key elements in the fraud case that led to the imprisonment of the industrial empire of Jose Maria Ruiz Mateos in 1983.

Envoy Resigns, Criticizes U.S. Policy on Romania

(Continued from Page 1)

Fulbright scholarship and other foundation grants.

Mr. Funderburk said he resigned not for political reasons but out of personal and family considerations and to return to Campbell University in North Carolina to teach government studies. He also plans to write and lecture about Romania.

In a letter accepting his resignation "with deep regret," President Ronald Reagan expressed appreciation for Mr. Funderburk's "efforts to improve the human rights situation in Romania" and commended him for "steadfast support of our national security interests in Europe."

Mr. Funderburk's 1981 Senate confirmation hearing was marked by controversy over statements he had written in a 1978 pamphlet alleging the "misconduct of Communism" in U.S. universities and

accusing the State Department of whitewashing human rights reports on Eastern Europe.

He said his views were supported by a majority of the principal officers at the U.S. Embassy in Bucharest.

Accusing the State Department of disapproving of dissent in its own ranks, Mr. Funderburk said a handful of embassy officers due for reassignment were being transferred to lesser posts than they deserved in apparent retribution for having challenged policy on Romania.

"Two at the embassy, for instance, were recently moved to out-of-the-way positions back in Washington where they will be out of the limelight," he said. "They have been put in places where they can't step out publicly and where they can be monitored. It looks like a dead end for their careers."

Regarding the Soviet presence, Mr. Funderburk said that "our guys observed a large Soviet presence in Romania that was not welcome news to some officials in Washington."

"On our own initiative," he said, "we looked in registries, checked schools, traced license plates and came up with an ungodly number of resident Soviets, including Soviet agents in factories monitoring Romanian exports to the Soviet Union."

"This should have been an indication that Soviet-Romanian cooperation is closer than had been previously reported and a sign that Romania is a more reliable Warsaw Pact partner than is commonly thought. Instead, the information was ignored."

"Much evidence we sent in was overlooked and ignored," Mr. Funderburk added. "They scrambled to designate a lot of the material we put forward."

U.S. policy toward Romania has been based on the premise that the public displays of independence from Moscow by Mr. Ceausescu, who has ruled Romania since 1965, are a genuine irritant to the Soviet Union and a positive example to other East bloc nations.

Mr. Ceausescu has criticized the Soviet invasions of Czechoslovakia and Afghanistan. His country is the only Warsaw Pact member that refuses to let Soviet troops on its territory for maneuvers and that does not send troops to joint pact training exercises.

He defied the Soviet-led boycott of the Olympic Games in Los Angeles last year, and he has scolded the Soviet Union as well as the United States for raising tensions in Europe over nuclear weapons.

Mr. Funderburk's ties with China and his relations with all parties in the Middle East have proved useful back channels for U.S. policy-makers. Romania is the only East European nation to have maintained diplomatic contacts with Israel since 1967.

Mr. Funderburk said other Western countries were ahead of the United States in reassessing formerly positive approaches to Romania.

He said he had seen diplomatic reports describing increasingly negative views of Romania among several Western European nations. He said a report by an official of a neutral European country who had visited most East bloc countries recently concluded that Romania ranked worst in observance of human rights and general conditions.

A State Department spokesman, Edward P. Djerejian, responding to Mr. Funderburk's allegations, said that under a "long-standing policy" in effect since the 1970s, "constructive and creative dissent is something encouraged by the State Department."

Mr. Funderburk referred to a "network" of administration officials, primarily at the departments of State and Commerce and including some at the Central Intelligence Agency, who, he said, have dismissed or belittled evidence collected by the embassy in Bucharest.

He said the evidence documented Romania's growing economic ties with the Soviet Union, the presence of large numbers of nonmilitary Soviet personnel in the country, the transfer to the Soviet Union of technology Romania has obtained from the West, and Bucharest's position as a major exporter of arms.

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Grenade Cargo Burns in Norway

Reuters

OSLO — When a military truck carrying more than 2,000 hand grenades caught fire in southern Norway, the driver raced through a village and stopped in an open field before it exploded, police said.

The grenades began going off Tuesday four minutes after he stopped. In the meantime he had hauled traffic and shouted for nearby dwellings to be evacuated.

The exploding grenades showered an area 300 yards wide with shrapnel.

U.S. Still Trying To Set Up Station

The Associated Press

WASHINGTON — The U.S. Information Agency has indicated that it will continue to explore ways of setting up a television station in West Berlin to beam programs into East Germany.

Funds for the proposed station were deleted by the U.S. House of Representatives when it considered the U.S. State Department budget. The Senate has not yet voted on the financing measure.

The agency had wanted to spend \$8 million to build and equip a studio in West Berlin and then let West Germany's Ministry of Interior Relations run it. The funds had been asked as part of the U.S. Information Agency's request for construction of facilities. The agency said Tuesday that it will continue to explore options for a station.

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Efforts to Eradicate Polio in Americas In 5 Years Announced by Health Group

Los Angeles Times Service

WASHINGTON — The Pan American Health Organization has declared its intention to eradicate polio from the Americas within five years and announced a \$100-million acceleration in its immunization program to achieve that goal. The effort announced Tuesday was an extension of the organization's Expanded Program on Immunization, established in 1977 to combat six diseases, including polio. Since the program's inception, polio in the Americas has dropped from 4,772 cases in 19 countries to 489 in 11 countries, according to figures released by the organization. In the United States, seven cases were reported last year.

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Kohl to Meet Silesians, Stroessner

By James M. Markham
New York Times Service

BONN — A government spokesman said Wednesday that Chancellor Helmut Kohl would go ahead with two controversial encounters, an address to a gathering of Silesian exiles in June and a visit to Bonn in early July by General Alfredo Stroessner, the leader of Paraguay.

The spokesman, Jürgen Sudhoff, said that Mr. Kohl would address the annual meeting of the Silesian Compatriot Association in Hamm on June 16 despite an article in an official organ that, laced with anti-Semitic undertones, attacked President Richard von Weizsäcker.

The spokesman said that the "working visit" by General Stroessner, who has ruled his South American nation with an iron hand for 31 years, would "go forward as planned."

During his stay, the 72-year-old Paraguayan strongman is expected to visit his father's birthplace in Bavaria.

Coming after the emotional upsurge over President Ronald Reagan's visit to the Bitburg military cemetery, the two events on the chancellor's calendar have developed the potential for further embarrassing him. His critics maintain that he has a tendency to stumble into difficulties.

In the latest issue of "The Silesian," Martin Jenke, a columnist, took issue with a speech by Mr. von Weizsäcker to the Bundestag on May 8 and said that the president had erroneously saddled Hitler with all the blame for starting World War II.

"For the war agitators Roosevelt, Churchill & Company," wrote Mr. Jenke, "there was no bigger bonanza for stirring up their peoples against a newly strong Germany than the shameful rejection of the suggestion made by Reich President Schacht in 1938 that they allow the mass of German Jews to emigrate and to settle with them."

The columnist also contested Mr. von Weizsäcker's assertion that most Germans had been in a position to know about the systematic persecution of the Jews.

The opposition Social Democratic party has called for the cancellation of the Stroessner visit on the ground that the Paraguayan dictator was "an internationally scorned friend and protector of Nazi criminals and drug smugglers."

Press To Be Admitted To Gandhi Murder Trial

Reuters

NEW DELHI — The judge hearing the Indira Gandhi murder trial announced Wednesday that the proceedings, which resume Friday, would be open to the press. Prison authorities refused Monday to admit reporters to the opening of the trial of Satwant Singh, accused of murdering Prime Minister Gandhi in October, and of two other Sikhs charged with conspiracy to murder.

Pan Am to Offer Inexpensive Night Flights

Los Angeles Times Service

WASHINGTON — In an effort to achieve greater use of its giant A-300 Airbus fleet, Pan American World Airways plans to launch an overnight cargo service that also will carry passengers at greatly reduced prices. C. Edward Acker, chairman and chief executive of the airline's parent company, announced.

The new service, which will allow passengers to fly during the night for 80 percent less than the regular coach fare, will begin this summer, Mr. Acker told shareholders Tuesday at Pan Am's annual meeting here.

Mr. Acker said that fares and routes had not been decided but that cities served would include Los Angeles and Miami. He predicted that revenue would be substantial.

A Pan Am spokesman explained after the annual meeting that the airline's A-300s, which have a very large cargo area, often wait for as much as 14 hours moored at airports, often in the Middle West. With the new service, the planes could be used "at no great incremental cost," he said.

The spokesman said that the "working visit" by General Stroessner, who has ruled his South American nation with an iron hand for 31 years, would "go forward as planned."

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SCIENCE

Michigan Inventor's Device Helps Eyes Speak for Paralyzed

By Jane Leavy

EAST LANSING, Michigan — Her name is Blanche. She lies in bed, as she has since the fall of 1978. She waits for her husband who has not come in two years, for her children who sometimes visit on holidays, for someone to change the television channel.

Today she waits for Martin King, the inventor of a computerized eye-monitoring system that gives voice to people who have no other way to speak.

Mr. King lives a life of chips and diodes, input and output, modems and programs. He is exhilarated by high-speed CMOS integrated circuits, enthralled by EPROMs. He is the new American hero: the computer-nerd-cum-inventor.

"Invention is not how to do something but the perception of need," he said. Blanche's need is clear. Six and a half years ago she entered a hospital for minor back surgery and left a quadriplegic. She can feel but she cannot move, except to nod. She can smile but cannot tell you why.

Her main communication aid is a 4-by-6-inch (10-by-15-centimeter) card crisscrossed in primary colors, with the letters of the alphabet aligned under the numerals 1 through 5. Mr. King reads the numbers and letters aloud. Blanche nods when he reaches the right one.

"One, two, three, four, five," he says. "One, two, three, four, five."

Blanche nods at a four, then an I, then a T and an H, until slowly, inexorably, she says, "I think of old men being inventors."

Mr. King, who is 35, kneels by her side, holding her hand. He is tall, about 6 foot 4. Kneeling, he can look into her eyes, which is not so much a nicety as a necessity. Blanche says people who know her can read her eyes. Mr. King's device, the Eyescan Communicator, can read her eyes and translate their position into written speech.

Blanche has been testing the device for Mr. King since December. The first time they used it, she broke her glasses. Today they will buy new ones.

Will Mr. King's machine make a

significant difference in Blanche's life?

"Yes," said Blanche, who agreed to be interviewed as long as she was not further identified. "I like to run my mouth all the time."

Mr. King sighed. "You're going to make this funny, aren't you?" he said.

The question was posed again: Will it make a significant difference in her life?

She looked at him, but his head was buried in his hands.

"The bottom line is, 'Who gives a damn while I'm lying here?'" Mr. King said. "Blanche won't tell you that. So I will. Isn't that so, Blanche?"

She nodded vehemently and smiled.

"One, two, three, four, five," Mr. King said. "One, two, three, four, five."

"Let's go get the glasses," Blanche said.

Mary Brady, assistive-device specialist at Pennsylvania Special Education Resource Center, calls Mr. King "typical of the crazy-inventor type."

"I hate that tag, because of all the things it denotes," Mr. King said. "The eccentric guy in the back yard, not directed at reality, a little crazy. You get a picture of Charles Goodyear, who ran around in his rubber clothes for 10 years and tried to convince people rubber was a great thing." He added, later, "I hate it, probably because it's too accurate."

ONE night three years ago he read a novel about the retired don of a Mafia family. "He had a stroke and the only thing he could do to move his eyes," Mr. King said. "I thought, this is really stupid. I could help this guy communicate with a computer that monitors where his eyes are looking while he is looking at a display of characters."

He quit his job and founded Eyescan Inc., gambling that he could find a way to make his idea work. He put \$50,000, all of his savings, into the company. An equal amount has been invested by his mother, his girlfriend, Ritchie Patterson, and her brother, Hugo, the president of Eyescan.

Last fall he became an adjunct specialist at Michigan State University, working with Dr. John Enlenberg, director of the Artificial Language Laboratory. He works 16 to 20 hours a day. Some nights he never leaves the office. Sometimes he struggles with depression. "It's my life," he said. "I'm 100 percent into it. This is not at all like work to me. It's toying in a certain sense. Going home to sleep is actually a distraction."

For Blanche, Eyescan means a visitor, a touch of the hand. "What she doesn't realize is how the machine will put her in contact with people," Mr. King said. "She hasn't seen that yet."

The device — if it works — will allow her to make phone calls and receive mail to shop, perhaps to hold a job. Mr. King hopes she will be able to do these things by September, which is when he expects to have Eyescan on the market. He hopes to sell it for less than \$2,000, one-fourth the price of the Eyescanner, the only other comparable device available.

Companies in Australia, the Netherlands and Canada, as well as the United States, are working on eye-monitoring systems. Dr. Enlenberg has estimated that a million people worldwide could use a device like Eyescan. Mr. King said there were 20,000 to 50,000 people in the United States for whom eye communication would be the only appropriate technology.

"The population with that particular disability is increasing enormously," says Virginia Stern of the American Association for the Ad-

vancement of Science, because stroke patients, disabled newborns and others with cerebral palsy and Lou Gehrig's disease are all living longer.

The Eyescanner, which has been on the market since December, is a stationary device that requires the user to sit motionless in front of it. But Mark Friedman, who developed the Eyescanner for Sentient Systems Technology Inc. with students from Carnegie-Mellon University, said the company would market a head-mounted device in the fall.

The Eyescan prototype is a pair of black-framed glasses, the right lens fixed with a cylindrical device about the size and shape of a salt shaker. The eye sees a multicolored display composed of seven hexagons, the letters of the alphabet arranged around centered dots. In order to produce an A, the eye fixes on the letter, which is blue, and then on the hexagon with the blue dot. An A appears on the screen.

Although it is slower than a direct gaze mechanism, which requires the eye to fix on only one character, it is also more reliable. Mr. King expects users to be able to produce at least 50 characters a minute.

Research in the area is not new. "The military has been increasingly interested in hand-free control, using the eye and the head to operate devices in the environment of the cockpit," said Mary Brady at the Pennsylvania research center. She supervised a Defense Department project involving the development of an electromagnetic head-tracking device for aircraft pilots.

"At the same time, rehabilitation researchers have been interested in eye control," she said, "because with most disabled people it's the last site of bodily control. When everything else goes, what they have left is control of the eye."

The essence of the invention is a sensor ring within the cylinder, composed of six infrared light-emitting diodes, "which are solid-state light sources like tiny light bulbs, and six photo-transistors that have the ability to sense the light being reflected back from the eye," Mr. King said. "We turn on one of those light bulbs at a time and we look at the reflected intensi-

ty at various positions around that ring. You can imagine if I shine a flashlight in your eye and watch how much light is reflected back, that the light will vary depending on where you are looking from. This change is what we use to measure eye position. The computer processes the reflection."

"The novelty of the technique is that the sensing mechanism is very simple — there is no hardware, no optics, no lenses. The complexity resides in the software. We let the microprocessor do the work."

The device can function as an independent communication aid or can be plugged into a personal computer equipped to perform such tasks as dialing the phone.

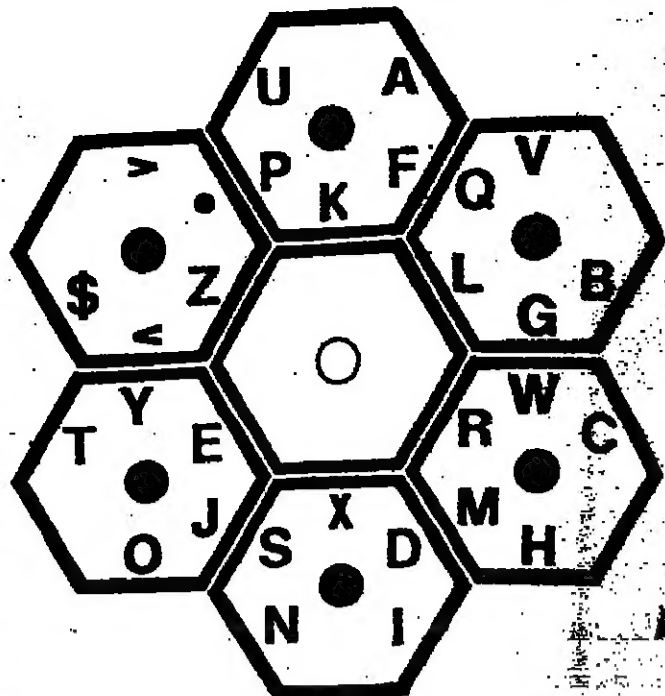
Mr. King was working at the Cornell High Energy Synchrotron Source laboratory when he read the book about the Mafia don. His former boss there, Professor Boris Batterman, said: "I think Martin is as close to a genius as I've ever come across. Also, he's crazy. He really is. His mind bubbles more than he can handle."

IT WAS Eyescan that enabled Michael Ryan, a 6-year-old boy who became a spastic quadriplegic because of medical malpractice, to convince insurance companies that, as Mr. King put it, "he was capable of an intact intelligence and thus capable of using a communication device and that he needed more money than just life support, he needed money to support a technology to give him an education."

The insurance companies agreed to a settlement that guarantees Michael a minimum of \$26 million over the course of his life.

Questions about the device remain. "The questions I have are the visual fatigue, the difficulty of having a big globe hanging in front of your eye," Mary Brady said.

Eventually, Mr. King said, the user should be able to memorize the display and remove the cylinder from the glasses, leaving only the sensor ring. Patterson made a large plexiglass display for Blanche so she could begin to memorize the positions of the letters.



The character display seen by someone wearing Eyescan.

Birth of Solar System Called Battle of Planets

By Walter Sullivan

New York Times Service

THE inner planets of the solar system appear to have been formed in a planetary Armageddon in which contenders for ultimate survival, some of them three times larger than Mars, repeatedly collided with one another until only one survived in each of the present planetary orbits, according to a newly published analysis.

Dr. George W. Wetherill believes the planets had "lots of brothers and sisters," not much smaller than those of today, which collided to form "trial" planets. "The four we see today," he said, referring to Mercury, Venus, Earth and Mars, "are the survivors."

One of the final collisions, he said, probably increased the spin of Earth sufficiently to throw off material that then consolidated to form the moon.

Dr. Wetherill, director of the department of terrestrial magnetism at the Carnegie Institution of Washington, published his findings in the journal Science. His hypothesis is derived from a computer simulation of what probably happened after the solar system began to take shape from a rotating cloud of dust and gas about 4.5 billion years ago.

The analysis took into consideration various factors affecting the formation process, once about 500 bodies, each one-third the size of the moon, had formed in the region around the sun now occupied by Mercury, Venus, Earth and Mars.

Among those factors were the gravitational fields around each object, the frequency of near-hits that would throw the objects into eccentric orbits, and the collisions that might have canceled the eccentricity.

Collisions would have generated enough heat within Earth to melt most, if not all, of its interior. Such melting would have occurred throughout the bombardment, allowing heavy material to sink and form Earth's metallic core.

The calculations assumed that not enough gas was present to affect motions of the objects as they sped past one another. The inner solar system, many scientists believe, was swept clear of gas by a violent "wind" from the sun.

Furthermore, each collision would have driven off most of any planetary atmosphere that had begun to accumulate. Since the impact histories of Earth and Venus were different, this could account for the differences in their atmospheric abundances of inert gases such as argon.

Initially, material destined to form the planets was so uniformly spread around the sun that its mo-

vements were determined by multiple collisions much like those of molecules in a hot gas. By the time this material had formed, however, larger bodies, their mutual gravitational attractions would have begun to exert a significant factor.

What ensued was a battle royal. By the time the solar system was 10 million years old, Dr. Wetherill believes, the existing planets had acquired 50 percent of their present material; after 100 million years, the process was 99 percent complete. According to the calculations, the planets that survived would have been in orbits very much like those of today.

Age determinations on moon rocks indicate that the last great crashes, enough to produce the lunar seas, did not end until 3.8 billion years ago. By then, however, the bodies were "quite small," Dr. Wetherill said — about 30 miles in diameter.

It may be, he added, that no planet formed in the asteroid belt, beyond the orbit of Mars but inside Jupiter's orbit, because the immense gravitational pull of Jupiter threw much of the material there out of the solar system.

Women Smokers Victims of Disease Linked to Cancer

United Press International

LOS ANGELES — Women who started smoking during World War II are being treated in increasing numbers for a chronic lung disease that has now been linked to cancer, researchers say.

Dr. Dorothy Sexton of the Yale University School of Nursing said Tuesday at the annual American Lung Association meeting that a study of 112 women compared those with chronic obstructive pulmonary disease — a group of disorders usually characterized by "smoker's cough" — to healthy women who did not smoke.

The results showed that women with the disease were more restricted in activity, suffered more from loneliness and depression and felt ill more often, she said.

Emphysema and chronic bronchitis are the most frequently diagnosed forms of the disease, the most common chronic lung disease in the United States. Although it is most often caused by smoking, research also shows it can develop after long exposure to environmental and occupational pollutants.

A report at the meeting by doctors from the Mayo Clinic in Rochester, Minnesota, said the disease was also linked to lung cancer.

In Between June and July, One Second Will Be Added

The Associated Press

WASHINGTON — Take heed: The 61-second minute is coming.

On the last minute of the last hour of the last day in June, one second will be inserted into the atomic clocks at the U.S. Naval Observatory in Washington and at the National Bureau of Standards in Boulder, Colorado. That minute, that day, that week, this year will be a second longer — all to match

perfectly kept human time to the imperfection of nature.

The standard for clock time is the resonant frequency of the cesium atom. Solar time is based on the Earth's rate of rotation. The two are not always the same.

The official time represents the average of many cesium-beam atomic clocks. The system, says the naval observatory, is accurate to within a billionth of a second per day — "a time-measurement precision equivalent to measuring the distance to the sun to within less than one-tenth of an inch."

But humans, whose timekeeping predates atomic clocks, like to watch the sun and the stars to set their clocks. When a given heavenly body is at the same place tomorrow as it was today, that's one revolution, one day. And Earth cannot be counted on like cesium atoms. Sometimes it speeds up. Mostly it slows down.

The rotation is uniform only to within one-thousandth of a second per day. In the observatory's analogy, that is equivalent to measuring the sun's distance to within about a mile, or 1.6 kilometers.

To get the atomic and solar time standards together, a "leap second" is slipped in every so often. It was done twice in 1972 and has been done once every year since except for 1980 and 1984. The extra second inserted between the end of June and the beginning of July will be the 13th in the series.

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UNITED ARAB EMIRATES

A SPECIAL ECONOMIC REPORT

THURSDAY, MAY 16, 1985

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Historical Developments Provide The Key to Strongest Bond

By Franke Heard-Bey

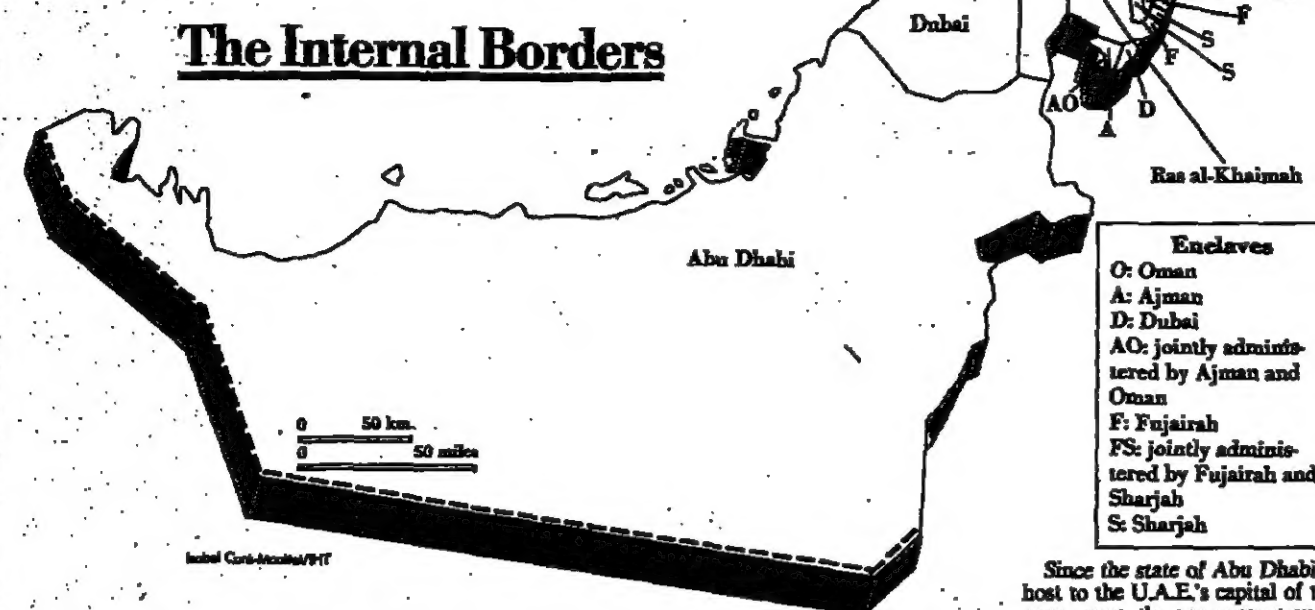
ABU DHABI — The United Arab Emirates is a small country by any standard, with just over 1.2 million inhabitants. In order to appreciate why this apparently fragile federation holds together, it is rewarding to focus on the even smaller political units that constitute this federation.

The seven emirates are not neatly balanced districts, created for administrative purposes. They are political entities that predate the foundation of the federation in December 1971. Each has its own identity rooted in history. The oil revenues of three of the seven emirates have turned some areas of the U.A.E. into cosmopolitan urban centers, while other parts of the country have changed comparatively little over the last two decades.

The historical developments that were responsible for making these seven political entities so very different in size of population and area, however also provide the strongest common bond between them.

Until recently territorial borders did not matter in this corner of the world; what mattered were people. Being herders, pearl-divers, date-growers or traders, they worked mostly within the economic framework of the extended family or the subtribe. They were politically bound together by recognizing the leader of one tribal group as their representative in disputes with other tribes and as mediator and highest legal authority in domestic disputes.

A tribal sheikh attained his position only partly belonging to the family that had traditionally provided the leader. He also had to excel in the virtues expected of him — personal courage, sense of justice, generosity. The history of the seven emirates is full of incidents where entire tribes withdrew their loyalty and attached themselves to



Map adapted from "From Trucial States to United Emirates," by Franke Heard-Bey, courtesy of Longman Group Ltd.

another, particularly charismatic sheikh. His standing was thus greatly enhanced, having acquired not only many more fighting men, but also access to more of the precious few places of economic value, such as oases, natural harbors, markets or grazing areas.

Thus, successive sheikhs of a small but energetic clan of maritime trading Arabs, the Qawasim, managed during the 18th and 19th centuries to attract as their followers almost all the tribes living in the areas now belonging to the emirates of Ras al-Khaimah, Sharjah and Fujairah. Their descendants failed to maintain a grip on these tribes, which live on the coast of the Gulf, the coast of the Indian Ocean or in the most inaccessible valleys of a barren mountain range. Early this century the core of the Qawasim "realm" split up into two parts, Ras al-Khaimah and Sharjah, both ruled by different branches of the Qawasim. On the east coast the tribal leader of the large Sharqiyyin

tribe finally managed to shake off Qasimi domination in 1952, when Fujairah formally became the seventh Trucial State.

In Abu Dhabi successive sheikhs of the Al Bu Falah, a subtribe of the confederation of Bani Yas tribes, have retained the undisputed leadership of all the tribes living in the sandy desert and along the coast of what is now the territory of the emirate of Abu Dhabi. But in 1833 another subtribe of the Bani Yas, the Al Bu Falasah, seceded from Abu Dhabi and joined other Bani Yas tribesmen in the fishing settlement of Dubai, a move that very soon led to the establishment of the sheikhdom of Dubai under the descendants of Maktum bin Buti, who died in 1852.

Tribal politics and the personal standing of leading sheikhs have been eclipsed by a new political dimension.

The London-based Iraq Petroleum Co., an international consortium, obtained concessions in all the then Trucial States from 1938 onwards. As soon as it began exploring for oil in 1946 the delineation of the boundaries of the concessions became all important. Henceforth, politics was no longer only a matter of the loyalty of tribal people, but of possession of square miles of desert with the potential of oil-bearing rock beneath.

Oil was first found in commercial quantities in Abu Dhabi territory in 1960, and in due course that state became one of the foremost exporters of oil and gas in the world.

Today, after two decades of oil-exporting, the population of Abu Dhabi has grown from 47,000 in 1968 to some 520,000 inhabitants of many nationalities in two highly urbanized centers.

Political Consensus Hurt By Lower Oil Revenues

By Sarah Seagrath

ABU DHABI — The United Arab Emirates is a rich country by any standards, despite the cries of economic hardship from individual emirates. Its dependence on oil and gas revenues, however, has left the economy vulnerable to the fluctuations of world energy prices. Oil revenues have been halved over the last three years and may fall further.

The effect is most strongly felt by the smaller, poorer emirates, whose individual economies have been financed principally by federal spending augmented by the personal generosity of Sheikh Zayed bin Sultan al-Nahayan, the U.A.E.'s president.

Today, with the reduction in federal resources, especially development spending, which was down last year by around 27 percent on 1983's figure, the institutional weaknesses of the federation and the old rivalries among its members have resurfaced.

The federal budget should run from January to December but for the last two years it has only been approved in midsummer, and 1985 is likely to be the same, both in the timing and in the amounts. In 1984, expenditure was budgeted at 17.2 billion dirhams (\$4.6 billion) and income was around 12.8 billion dirhams; the estimated 4.4-billion dirham deficit was funded by Abu Dhabi and Dubai. Actual expenditure is generally lower than estimated.

All the oil-producing emirates are supposed to contribute half of their oil revenue to the budget, but in practice, only Abu Dhabi and Dubai do so. Abu Dhabi contributes around 80 percent of the total, half its oil revenue of 34.7 billion dirhams, plus its share of the deficit. Dubai's oil revenue is a somewhat mysterious figure because it sells its oil independently but the total is around 13.1 billion dirhams.

Dubai usually withholds some of

its contribution to federal spending. When Abu Dhabi complains, Dubai argues that Abu Dhabi gains most from federal spending, and it also disputes federal military purchases made by Abu Dhabi. Defense absorbs about half of federal budget allocations but the emirates spend without much consultation among one another. In Abu Dhabi case, such spending includes 18 Mirages bought from France, the building of special shelters for the aircraft and three military schools.

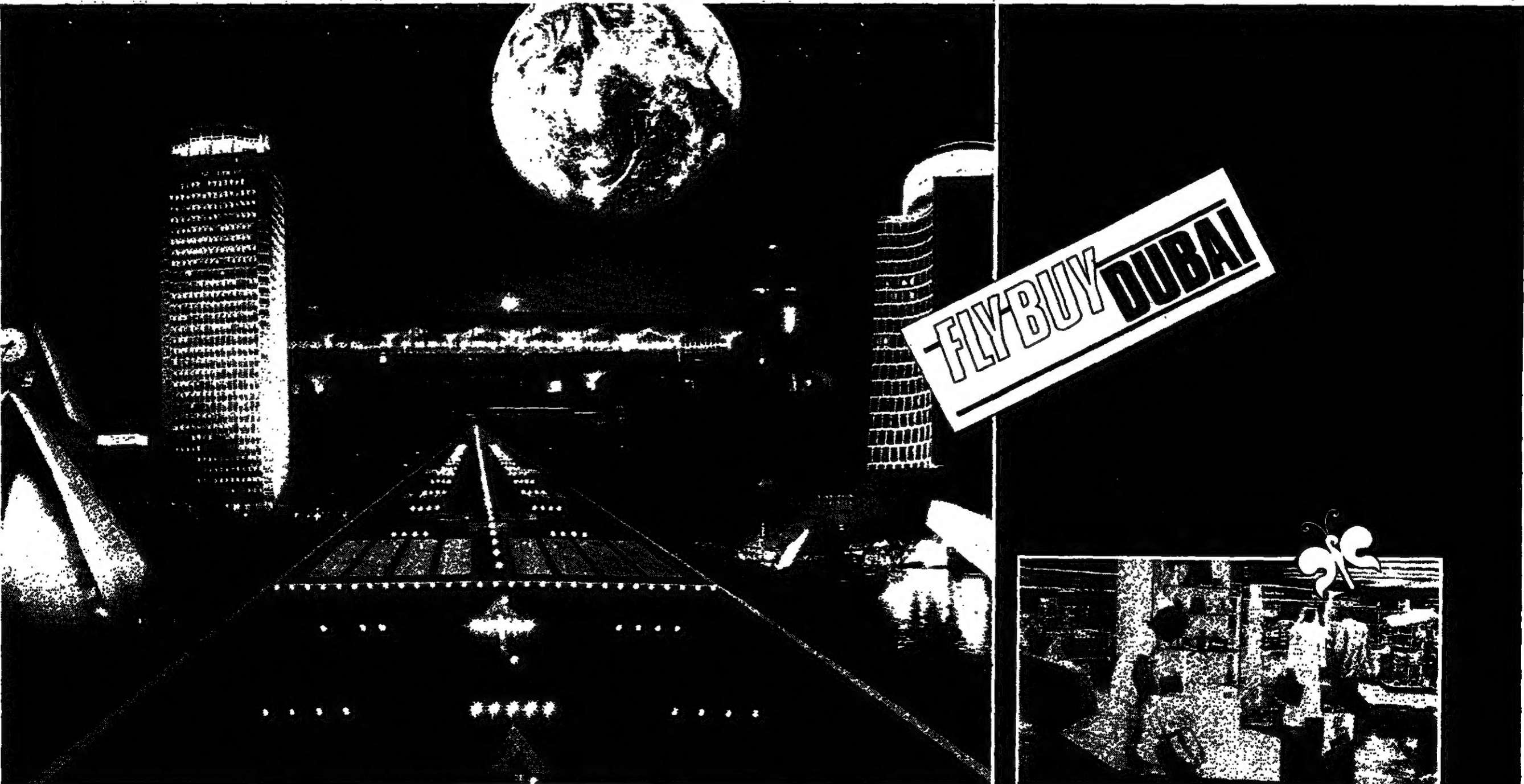
Abu Dhabi's economy often seems in a worse plight than Dubai's because of its greater dependence on oil and gas and the vagaries of the world market. Much of its administrative structure is still finding its feet; it is not easy for so young an economy to deal with a 31-percent fall in revenue since 1980, when many projects that seem extravagant in today's terms were conceived.

Attempts to diversify from hydrocarbons have been unsuccessful, but there are oil reserves to cover 50 years of production at current rates and this output releases a steady flow of dirhams into the local market through oil-servicing business.

Last year, the Abu Dhabi government borrowed 1.5 billion dirhams from the National Bank of Abu Dhabi to cover its deficit. The chairman of the bank and of the Abu Dhabi Investment Authority, Mohammed Habroush, recently said that such borrowing would probably be needed for another two years before the winding down of projects leads to a balanced budget.

Meanwhile, the Central Bank is flexing some much-needed federal muscle in the banking sector both in Abu Dhabi and Dubai, taking measures to improve liquidity while making local banks more accountable. None of the banks, except the conservative National Bank of Dubai, which is described as the Dubai government's "treas-

(Continued on Next Page)



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A SPECIAL REPORT ON THE U.A.E.

Economic Squeeze Quickens Pace of Mergers in Banking

By Stephen Timewell

LONDON — Early last year talk of mergers and takeovers dominated banking circles in the United Arab Emirates following the collapse of Union Bank of the Middle East. With oil revenues at little more than half the 1980 peak of \$13.6 billion the economy of the federation has changed significantly but the banking sector, which has ballooned during the boom, had not responded to the squeeze.

Bankers readily acknowledged that the country was overbanked and that a country of 1.2 million people did not need over 50 banks. The Central Bank, too, had no doubts about its objective. The governor, Abdul Malik al-Hamir, said on numerous occasions that "we want fewer banks, better quality banks and stronger banks."

The question, however, was how to achieve this aim when the banks were often linked inextricably to family, tribal and emirate ties and a lot more was at stake than just bank assets.

The political and social dimensions of the merger issue have been compounded by the Central Bank's relative inability to enforce certain requirements, but this is changing. As one Dubai banker put it: "You can't have a shotgun wedding in this society; force will not work here. The shareholders simply have to come to grips with the problem."

This year, either through gentle persuasion or the realities of a recession-hit economy, the merger

concept has gained momentum and three bank mergers have taken place over the last four months. In the latest, during April, Abu Dhabi's three commercial banks — Federal Commercial Bank, Khaleej Commercial Bank and Emirates Commercial Bank — combined to form the emirate's second largest bank, the Commercial Bank of Abu Dhabi, with a paid-up capital of \$340 million and assets of nearly \$1.9 billion.

The much-rumored merger of the three commercial banks follows the takeover in January of the small Dubai-based Emirates National Bank by Union Bank of the Middle East, which is now 73-percent owned by the Dubai government. One of the ironies of the changing face of Emirates banking is that UBME is now one of the vehicles for implementing the government strategy; less than two years ago the Dubai government had intervened to prop up the bank when its principal shareholders were Abdul Wahab Galadari's two brothers, Abdul Latif and Abdul Rahim.

In both takeovers the respective banks had run into serious liquidity problems and had major loan portfolio difficulties. UBME is believed to have paid \$400,300 for the Dubai Bank shares but details of the arrangements for both deals are unclear and complicated by the government involvement.

In Abu Dhabi, the local government is expected to inject around \$327 million of new funds into the

new bank's capital and reserves and to provide for the three banks' bad loans. Under the plan the government will take a 60-percent stake in Commercial Bank of Abu Dhabi and the remaining shares divided between the three banks.

The pattern that has emerged this year is that the government or government-owned bank provides the necessary cash injection to make stronger banking units. This seems the only possibility since almost all the prospective merger candidates suffer from the same problems of bad loan portfolios, inadequate liquidity and weak management. A mere merger would only compound the problems.

The Central Bank has been slowly tightening up the system. With the introduction of new regulatory measures in January on bad loans and presentation of balance sheets the structural problems in many of the smaller banks are becoming more evident.

As the economy is unlikely to provide any bonuses or a turnaround for the banks, their deteriorating performance, especially in relation to loans, is expected to lead the smaller institutions into mergers with the bigger state-controlled banks. For many, including some of the 29 foreign banks, a justifiable rationale or market strategy no longer exists, but it seems clear that the authorities are anxious to avoid the outright collapse of even the smallest institution.

Military Necessity Is Forcing Closer Cooperation

By Robert Bailey

LONDON — The spillover risks from the long-running war between Iran and Iraq have been highlighted by the growing number of attacks on ships in the Gulf by both belligerents in the last 12 months. The atmosphere of violence has given greater legitimacy to the United Arab Emirates' heavy military spending of the last few years. However, such expenditure has proved to be of limited value in building up a viable deterrent to aggression.

The compromises inherent in the fragile makeup of the U.A.E. are reflected in federal policies toward defense questions. On one hand, the dominance and concern of Saudi Arabia to establish a coordinated effort through its leadership of the Gulf Cooperation Council is recognized by the participation of the Abu Dhabi armed forces in the GCC's Peninsula Shield military exercises.

On the other hand, both historical and longer-term considerations are recognized by the maintenance of full

diplomatic relations with Tehran. Most cooperation between the U.A.E. and Iran ended with the fall of the shah and the individual emirates have only small, though concentrated, Shiite Muslim minorities, comprising not much more than 6 or 7 percent of the population.

However, Dubai, despite the Iranian revolution and the war, has maintained a healthy re-export trade with Iran, while Sharjah remains dependent for its oil wealth on Iranian cooperation.

Relations with both its major neighbors in the region, Saudi Arabia and Iran, have been complicated by rivalries among the individual emirates themselves since independence, particularly between Abu Dhabi and Dubai. An example of this occurred in 1978, when the U.A.E. president, Sheikh Zayed bin Sultan al-Nahayan of Abu Dhabi, named his son, Colonel Sultan bin Zayed, as commander in chief of the federation's armed forces without consulting either the federal prime minister, Sheikh Rashid bin Said al-Maktum, the ruler of Dubai, or Sheikh Rashid's

son, Sheikh Mohammed bin Rashid al-Maktum, the defense minister.

The appointment led to a temporary withdrawal of Dubai's forces from the joint U.A.E. command.

But although the old-style family rivalries are never likely to go away entirely, lower oil revenues and the need to acquire increasingly sophisticated defense systems, as well as the threat from Iran, are forcing greater cooperation in security matters.

The U.A.E.'s complicated, expensive and still chaotic search for security started after Britain ended its military role in the Gulf in 1971. Since then, the U.A.E. has maintained one of the highest per-capita defense expenditures in the world. The 1984 budget allocation was 6.25 billion dirhams (\$1.86 billion) for a country with a population of 1.2 million, half of whom are foreign workers. The foreign element is evident in the federation's 43,000-man armed forces, which has a high proportion of recruits from Baluchistan as well as Pakistani, Jordanian and British contracted officers.

Construction Projects Favor Local Contractors

By Toby Odono

LONDON — The United Arab Emirates has maintained its position as the fifth or sixth largest construction market in the Middle East since 1980. But with the exception of the defense sector most of the contracts awarded tend to be small.

Abu Dhabi, traditionally the richest and the biggest spender of the seven emirates, typified the move away from the large projects of the late 1970s and early 1980s to the smaller projects that are of greater interest to local companies than to the international set.

While Abu Dhabi and Dubai, with their long established source

of revenues from their oil, have slowed down their development programs, Sharjah has taken off and is using the revenues from the Saja gas and condensate field to develop a long-term industrial base. The other four northern emirates — Ras al-Khaimah, Fujairah, Umm al-Quwain and Ajman — are less fortunate and rely heavily on funding from their wealthier partners in federation.

Payment delays and wrangling over emirate contributions continue to plague federal funding. In December 1984 President Sheikh Zayed bin Sultan al-Nahayan set up a committee comprising senior members of the Federal National Council, the appointed parliament, to prepare "a comprehensive economic plan" to deal with the problems caused by falling oil revenues. The committee had not published its report by the end of April.

Payment delays have become so pressing that in the first six months of 1984 about \$500 million was allocated to paying off contractors mainly in the defense sector. A special committee was set up to oversee this but very little of the money has actually been dispersed, contractors say. While some of the more pressing problems of the federal system may be resolved by Sheikh Zayed's committee the more deep-seated problem of the whole federal structure is likely to linger.

"As federal minister, I do not have control over what the other emirates do — only over Abu Dhabi," was the minister of petroleum and mineral resources, Mana Said al-Oteibi, summed up the problem in an interview with the Nicosia-based oil weekly Middle East Economic Survey. One manifestation of this is the U.A.E.'s failure to comply with the reductions in production called for by the Organization of Petroleum Exporting Countries at Gene-

va in October 1984. The Emirates has rarely dropped below producing 1.1 million barrels a day of oil despite a new quota of 950 million barrels a day.

For contractors and consultants alike it is the individual emirate budgets and plans that provide the true reflection of business activity. Abu Dhabi's budget has not been published as this report went to press but all the indications are that it will be much the same as 1984's.

But in Abu Dhabi the larger projects tend to make news these days only when they are postponed or

Payment delays and wrangling over emirate contributions continue to plague federal funding.

cancelled. In 1984 Abu Dhabi allocated \$5.9 billion for spending. But the major projects expected to go to tender did not. These were the Hodayrat, Sadiyat and Magra bridges with a combined value of about \$500 million and the \$55-million conference center, which has been bid twice.

But one project that is set to go ahead is the \$100-million construction of hardened shelters at the Dhafra air base. The low bidder for the job is a joint venture of Italy's

Bentini Constructors and West Germany's Coutinho, Caro & Co. The concrete shelters will provide protection for the 18 Mirage 2000s on order from France's Avions Marcel Dassault-Breguet Aviation.

The Emirates Telecommunications Corp. (Etisalat) is expected to award design contracts for two new buildings in Abu Dhabi and Dubai during the year. The overall project is managed by Bechtel Corp., of the United States.

Another U.S. company, De Leuw Cather International, is supervising the 8.9-billion-dirham transport and road improvement program, which has provided substantial work for both local and international contractors over the last three or four years.

Apart from the three bridges most of the big jobs have been completed but there are expected

Political Consensus Hurt by Lower Oil Revenues

(Continued From Previous Page)

sure," is in good shape. In Abu Dhabi, where banks have been hit by the decline in real estate values — rents have fallen by at least 50 percent — three of the local banks have announced plans to merge. Dubai has seen some spectacular tidying up among its banks, and most observers believe this is not yet over.

The recent collapse of Dubai Bank singled the fingers of some reputable international banks, including Citibank, Lloyds International, American Express and Royal Bank of Canada. International confidence in Dubai has been shaken.

But Dubai has some healthy oil revenue to meet its municipal bud-

get and its contribution to the federal budget, and can also put a tidy sum into reserves. Its major projects — Jebel Ali port (now to have a free-trade zone), Dubai Ajlunum, the dry dock and the Trade Center — are managing to hold their own despite recession. Dubai, in particular, has proved itself a low-cost operator, now exporting 40 percent of its product to the United States. Trade is well down on figures before the Iranian revolution, but Dubai's merchants are spreading their wings beyond the region.

Sharjah's revenue from its exports of condensate have enabled it to pay off old debts and recently raise a \$154-million bank loan. Downstream developments are

constantly rumored, mainly because of the flaring of around 400-million cubic feet a day of gas, but these are so far limited to a liquefied petroleum gas project and possible sales to Dubai.

The Ras al-Khaimah emirate has achieved respectable condensate products of around 15,000 barrels a day. There is a limited building boom of villas and palaces but Crown Prince Sheikh Khalid is a cautious person who does not rush into risky ventures. He has been outspoken about the lack of leadership in the federation and would like to see more use being made of the Supreme Council, which is made up of the seven rulers. Officially, it meets very seldom, although the rulers often get together socially.

Other emirates, without oil, pine for the days of federal and Abu Dhabi largesse. Fujairah is trying to capitalize on its strategic position outside the Gulf, but not very successfully; Abu Dhabi National Oil Co. frowns on a projected oil pipeline from Abu Dhabi oil fields to a Fujairah terminal.

Umm al-Quwain does well from its ruler's friendship with Sheikh Zayed and has a quietly prosperous air, without a great deal of activity. Ajman has a bad-debt problem, caused by projects that failed to attract federal funding. It has tried and failed to draw investors from other parts of the Gulf, who in a number of small ways have contributed to the economies of the other nonoil emirates.

A Political Federation

(Continued From Previous Page)

hindered and into the poorer emirates, bringing long-awaited infrastructure projects and services to the people.

In other ways, however, the inevitable administrative and political centralization in — and, hence, domination by — the capital is anathema to a group of political entities in which each ruler sees himself as the one who has to shape the destiny of his state and of those people whose loyalty he wants to retain.

Therefore, competition between the seven emirates is vigorous, with local authorities keen to explore a multitude of avenues to enhance the economic prospects in their respective states. While there was some experimenting with identical and sometimes noncommercial projects in the 1970s, most local authorities now concentrate on seeing how they can best take advantage of their own particular geographical conditions and natural resources.

Fujairah has quite naturally developed agriculture and fishing along with some small-scale manufacturing and a good new harbor. The emirate could become the U.A.E.'s safe oil-export terminal in the Indian Ocean.

Ras al-Khaimah is a major market garden of the Emirates, and strenuous efforts have been made

to find oil. It also has rock, which is both used locally and exported to other Gulf States.

Ajman has developed its ship-building tradition, and it benefits from its geographical proximity to Sharjah and Dubai, offering relatively cheaper housing to expatriate employees who work in these emirates.

Umm al-Quwain remains a fishing community. Sharjah exports offshore oil and onshore gas liquids. It is making great efforts to become the spiritual center of the U.A.E. always in the forefront with educational projects, exhibitions, book fairs, conference centers, theatrical competitions and a very outspoken press.

In Dubai, trade has been the key to the community's stunning economic success even after a successful oil export level had been achieved.

Dubai's single-minded pursuit of the goal of prosperity for itself does not fit easily into the overall pattern of the U.A.E. as a union in the making — even though the nature of the federation is to provide for a far larger scope for regional differences than a centralized state.

There is a widespread desire for the old spirit of unity of 1971 to be rekindled to counter the growing trend of isolating each emirate from the rest. It is hoped to achieve this with a new constitution.

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Dubai Dry Dock Adds to the Port's Efficiency

By Phillip Hastings

DUBAI — Despite new port development throughout the United Arab Emirates over the last decade, Dubai is still the major shipping center and general entrepôt not only for the Emirates but for the Gulf as a whole.

Key factors in Dubai's continuing success in shipping are the emirate's two major seaports, now backed up by the large although still underused Dubai Dry Dock complex with its facilities for ship repair.

The better-known of Dubai's two ports is Port Rashid, often simply referred to as Dubai Port. Originally planned as a four-berth deep-water harbor in the late 1960s, it was rapidly expanded into a 16-berth port as shipping demands increased.

A second-phase development, completed in 1979, created a further 20 berths, which included a modern five-berth container terminal, as well as 10 transit sheds and several more open berths.

Altogether, the port now has 36 berths, giving a total berth length of more than 7 kilometers (4.3 miles), and a range of covered cargo sheds and hard-surfaced yards. Equipment includes five gantry cranes, straddle carriers, roll on/off tractors, terminal tractors and a large number of forklift trucks.

Central to Port Rashid's good reputation as a fast and efficient handler of both the U.A.E. and Gulf transshipment cargo traffic is a well-established computer system covering the container terminal operations. Basically, the system records all container movements from discharge to loading and vice versa, as well as providing statistical information and billing services.

Data is entered into the system through terminal equipment located in the container control office and connected directly to the central computer. Similarly, information held in the computer can be extracted and displayed on the terminals at any time.

Overall, the Port Rashid Authority claims to have the simplest and most streamlined documentation system in the world. A printout detailing every container loaded onto a vessel is available within 24 hours of sailing and shipping agents are supplied with regular printouts showing the status of their containers in port.

Port Rashid also uses a prebook system for vessels that is designed to ensure that all necessary ground equipment is available when each ship arrives.

Overall, Port Rashid has to date stood up fairly well to the general fluctuating fortunes of Gulf economies over the last couple of years. Total cargo throughput reached 5.4 million tons in 1982 and 6 million tons in 1983, before dropping back to about 5 million tons last year.

Moreover, Dubai's reputation as an entrepôt has made it an obvious choice as the focal point for sea and air activities, which generally involve goods being shipped from the Indian subcontinent and the Far

East to the Gulf and then air-freighted to Europe and other destinations.

Sea-air traffic has only really started to develop as a significant business over the last couple of years as international airlines, in particular, have looked for ways to counter the prevailing one-way nature of the Middle East airfreight industry. Return traffic out of the region is even now predominantly still limited to personal effects and pieces of equipment being sent for repair.

Gulf Air leads in this development. The airline, although headquartered in Bahrain, has concentrated its sea-air operations on Dubai. In addition to sea-air business, it is also developing all-air traffic in a similar way.

Further transshipment business could result from Gulf Air's intention to expand its Far East operations. At the moment the carrier serves Hong Kong, Manila and Bangkok but it already has its eyes on Singapore and Seoul as future

points to be included in its network.

At the same time the carrier has extended its network westward to include Sana'a, North Yemen, and Khartoum, Sudan, and it is looking at adding Nairobi and Mogadishu, Somalia, so opening up further freight transshipment possibilities via the Gulf, with Dubai and Bahrain the obvious choices for such activities.

Other airlines, too, are building up their Dubai transshipment business as a means of generating much-needed freight traffic out of the Gulf. British Airways has been looking to develop more sea-air and all-air transshipment freight business through Dubai and other Gulf centers.

"For transshipment in the Gulf there really is nowhere to compare with Dubai; here you have a very flexible port management so you can, for instance, undertake restowing operations in the port for traffic going on to Saudi Arabia, Kuwait and other Gulf points," one Dubai-based executive said.

Integral Foreign Participation Buys Oil Output

ABU DHABI — Oil production in the United Arab Emirates is unique in the Gulf in the integral involvement of foreign oil companies. They operate under a wide range of agreements in which government participation as well as foreign shareholding varies.

When all other OPEC countries were moving toward full takeovers, Sheikh Zayed bin Sultan al-Nahayan of Abu Dhabi decided to halt Abu Dhabi's participation at 60 percent, a policy that has been followed in the other emirates. The U.A.E. benefits from access to the technical expertise and marketing experience of the oil companies. They, in turn, benefit from access to crude, as well as downstream opportunities. Profit margins for the companies are often low but in the long term, they say, the investment will be worth it.

Long-standing foreign shareholders in Abu Dhabi's oil (60 percent) are the two main offshore oil concessions, Shell, Mobil, Exxon and Parter (Gulfstream). There are also a number of more recent Japanese arrivals involved in the development of smaller fields and also minority partners (12 percent) with the Abu Dhabi National Oil Co. in the giant upper Zakum offshore project.

During 1983-84 the relatively high price of Abu Dhabi's light (39 API) Murban crude led to "two problems, namely the timing issue of differentials — a wider OPEC issue — and that of margins, the profit per barrel allowed to the shareholders as a return on their investment. Last year Abu Dhabi's crude was consistently overpriced relative to its value on the open market. Disposing of it was increasingly difficult, and in November the government temporarily increased the margins lifted their full entitlements. In January this year OPEC eased the differential problem, bringing down the price of Murban to \$28.15 and in February fresh margins were agreed, slightly lower than November's.

Abu Dhabi still has problems selling its crude, as the minister of petroleum, Mansur al-Otaibi, pointed out recently. Most of it goes to Japan, supplies partly from the shareholders but principally from ADNOC's 60-percent share of production. This is strictly tied to the official price, which sometimes makes it difficult to move. The result has been temporary cuts in onshore production even below the OPEC ceiling. Offshore production cannot be cut further below a minimum limit because associated gas is needed for the LNG plant on Das Island.

Japanese customers have been turning to cheaper sources, notably Oman, which is not a member of OPEC. Their contracted purchases of Abu Dhabi crude are now down to 90,000 barrels per day for this

year, compared with 205,000 barrels in 1982, and there has been some hard bargaining for concessions on payment terms. ADNOC's officials are holding their own, but most recently the Japanese suggested they should pay in yen rather than in dollars.

There have been several offshore gas finds over the last year and development of the Khamf field is going ahead to reinject 250 million cubic feet a day into the Uweinat formation. Uweinat cap gas is now providing at least half the needs of the voracious Abu Dhabi Gas Liquefaction Co., which was in danger of failing its commitments because of crude production cuts.

Abu Dhabi Gas liquefaction production in 1984 over 1983 (when it was affected by technical problems) as a result of this additional supply. But it, too, has had to bargain with Japanese customers (Tokyo Electric exclusively for its LNG and others through equity holders BP and Compagnie Française de Pétrole for its LPG) because of the link between the price of crude and the price of gas.

The most interesting development in the last few years in the Emirates has been the gas condensate discoveries in other parts of the country — a geological breakthrough using rapidly evolving seismic techniques that has attracted a host of foreign oil companies of all sizes.

The discoveries include Dubai's Margha field, a concession owned by Arco and Brioil, which has been producing about 25,000 barrels a day of condensate since early last year and reinjecting the gas. Sharjah's Saja field now produces about 60,000 barrels a day of condensate and is flaring 400 million cubic feet a day of gas, having sold only about 100 million cubic feet a day for a remarkably high price to Emirates General Petroleum Co. for power generation in the northern emirates.

There is also Ras al-Khaimah's offshore Saich field, now producing about 13,000 barrels a day, flaring some of the gas and piping some onshore for cement kilns. In Abu Dhabi, Amoco is exploring a

continuation of the Margha-Saja structure; its first well found noncommercial quantities of gas condensate and is now drilling a second.

There is little new downstream activity in the Emirates despite rumors. Sharjah has gone ahead with its \$300-million LPG plant in partnership with Amoco and the Japanese but the proposed fertilizer plant has foundered on the price of the feedstock, Saja gas, which foreign investors reckon is too high.

Oil observers criticize Sharjah's flare but in present market conditions the government's hesitancy is understandable. Agreement is reported to have been reached with Dubai for purchase of Sharjah gas for power generation; Dubai needs the gas, and anything would be better than Sharjah flaring it. But relations between the two emirates are still clouded by their border dispute, which also affects delineation of their respective oil fields. The uncertainty of federal authority as a whole is most clearly demonstrated in oil matters. The

minister of petroleum, Mr. al-Otaibi, has the unenviable task of combining the roles of chairing the OPEC production monitoring committee, heading the federal ministry and also Abu Dhabi's Department of Petroleum.

Dubai does not feel bound by the ministry, and Abu Dhabi has, therefore, had to bear the brunt of cuts in OPEC production quotas. Dubai's offshore production (from rapidly declining reserves) is at least 360,000 barrels a day and the Dubai government refuses to be bound by OPEC decisions on the grounds that it produces less than Abu Dhabi anyway. Condensate production is not included in OPEC's quotas.

There is no sign that Federal National Council pressure on the authorities to rationalize and reinvigorate the economy on a federal basis is likely to make any impression on each emirate's determination to preserve independent control of hydrocarbon resources and their development.

— SARAH SEARIGHT

'Greening of Desert' May Dry Up Water Reserves

ABU DHABI — The drive from Abu Dhabi to the fast-expanding oasis of Al-Ain is hot and exhausting. Two-thirds of the way there is an unexpected oasis, great bushes of bougainvillea and hibiscus and deep shade. From there to Al-Ain, on both sides of the road, is a continuous belt of saplings. Al-Ain itself, once a string of date gardens with small patches of cultivation, is now surrounded by an ever-growing belt of farmland.

Gardens, forests and farms are a remarkable achievement here, the result of wealth, determination and copious irrigation; it is known as "greening the desert." But Abu Dhabi is now seriously questioning the implications of such uncontrolled use of water.

Most of the new greenery is agricultural, farms growing vegetables and fodder. The growth in the

number and size of farms has mostly occurred in the Al-Ain area, inspired by Abu Dhabi's ruler, Sheikh Zayed bin Sultan al-Nahayan. New areas are fenced in every week. Another well-developed area is around Dhaid, in Sharjah, and there has been considerable expansion of the traditional agricultural base in Ras al-Khaimah, best watered of the emirates. Farms vary from large government projects to private holdings, experimental plots and a few joint ventures with foreign concerns. A farmer is well subsidized by the Ministry of Agriculture, in the case of Ras al-Khaimah, or the local Department of Agriculture in Al-Ain.

Irrigation methods vary, but are becoming more economic with the installation of drip, bubble and sprinkler systems.

Al-Ain, Dhaid and much of Ras al-Khaimah are on a wide gravel plain between the sand of the desert and the mountains that run parallel to the southern coast of Arabia. Beneath this plain is an extensive shallow aquifer fed by rainwater from the mountains. Rainfall in the United Arab Emirates is erratic, averaging 6 to 10 centimeters a year (2.36 to 3.9 inches). About 72 percent of this is lost through evaporation and about 14 percent drains directly into the sea.

Ninety percent of the U.A.E.'s consumption of water is used for agriculture. In Abu Dhabi city, all water is desalinated, with some recycled water used on municipal gardens. A pipeline has been laid between Abu Dhabi and Al-Ain capable of sending up to 20 million gallons (75.7 million liters) a day of water from the Tawelah power

and desalination plant when the installation is complete; at present, about 2 million gallons is being sent.

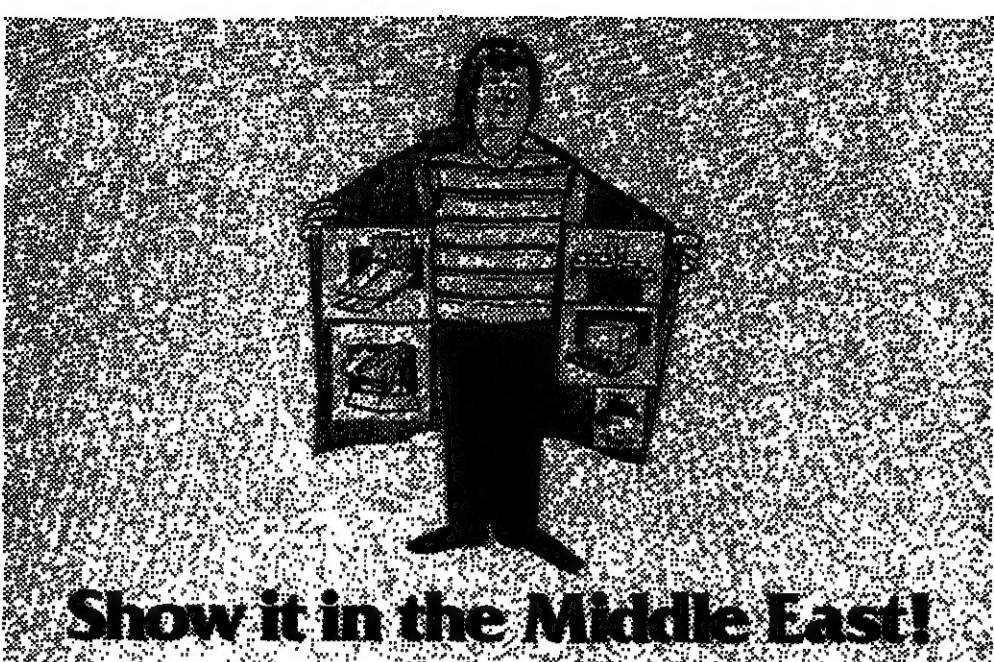
Dubai city is switching to desalination because of the depleted ground water resources.

Local cycles are concerned that agriculture is drawing too lavishly on finite water resources. At a recent seminar on sweet-water resources at Al-Ain University, Sheikh Nahayan bin Mubarak, president of the university, said that at present rates of consumption, ground-water resources in Al-Ain would be exhausted in 10 to 11 years.

The issue is highly political. Reports by one group of experts on limited resources gather dust while other experts report unlimited resources.

Oil companies are contributing data on deep aquifers but they are the first to point out that brackishness increases with depth (although this can be filtered out to some extent) and that there are the same limitations to deep resources as to shallow. No one disputes the achievement of the United Arab Emirates in feeding a population that has grown so quickly, both in heads and appetites, over the last 10 years. But further development demands further imports of qualified manpower, which in turn needs to be fed. When rainfall is as small as the U.A.E.'s, all resources are limited.

— SARAH SEARIGHT



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NYSE Most Actives				
Vol.	High	Low	Last	Chg.
IBM	160 1/2	160 1/4	160 1/2	+1/4
AT&T	54 1/2	54 1/4	54 1/2	+1/4
Amgen	11 1/2	11 1/4	11 1/2	+1/4
Amgen	11 1/2	11 1/4	11 1/2	+1/4
Amgen	11 1/2	11 1/4	11 1/2	+1/4
Amgen	11 1/2	11 1/4	11 1/2	+1/4
Amgen	11 1/2	11 1/4	11 1/2	+1/4
Amgen	11 1/2	11 1/4	11 1/2	+1/4
Amgen	11 1/2	11 1/4	11 1/2	+1/4
Amgen	11 1/2	11 1/4	11 1/2	+1/4

Dow Jones Averages				
Open	High	Low	Last	Chg.
Index	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
Indust.	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
Comp.	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

NYSE Index				
High	Low	Close	Prev.	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

NYSE Closing				
Vol.	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

AMEX Diaries				
Open	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

NASDAQ Index				
Open	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

Dow Jones Bond Averages				
Open	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

NYSE Diaries				
Open	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

Odd-Lot Trading in N.Y.				
Open	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

Standard & Poor's Index				
Open	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

AMEX Sales				
Open	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

AMEX Stock Index				
Open	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2
3,212 1/2	3,212 1/2	3,212 1/2	3,212 1/2	+1/2
1,272 1/2	1,272 1/2	1,272 1/2	1,272 1/2	+1/2

Trading on NYSE Is Active

United Press International
NEW YORK — Prices on the New York Stock Exchange were slightly lower late Wednesday in active trading.
The Dow Jones industrial average was off 0.88 to 1,272 1/2 an hour before the close. Advances led declines by a 4-3 ratio. Volume was about 88.5 million shares, up from 82.6 million in the same period Tuesday.
Analysts said a prime-rate cut to 10 percent by Bankers Trust announced shortly after noon

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"The prime rate cut stirred a lot of activity but we might just be seeing another spurt on the upside," said Hildegard Zagorski of Prudential-Bache.

A slowing economy, interest rates not yet low enough to trigger a recovery in manufacturing, low cash positions in institutional portfolios, and expectations for depressed second-quarter corporate profits will keep the market from breaking through the upper end of its trading range, Miss Zagorski said.

"A discount rate cut might cause a blip in the averages but that's partially in the market as

well," she said. "The market will probably resume its drifting phase."

Before the market opened the Federal Reserve Board said that U.S. industrial production fell 0.2 percent in April. U.S. business inventories fell 0.1 percent in March, the Commerce Department said later.

AT&T was near the top of the active list and higher at midday.

Western Union and Federal National Mortgage Association were also active and higher. Bank stocks moved higher. Citicorp, Chase Manhattan, Manufacturers Hanover, Chemical New York, Marine Midland and Bankers Trust were all up.

IBM and Digital Equipment were up. National Semiconductor was unchanged.

General Motors and Chrysler were higher. Ford was off slightly.

LTV Corp. was off.

TWA and UAL Inc. were lower.

Unocal was off slightly. The company said it was extending the expiration date of its pending exchange offer.

Seagram was up after withdrawing a plan for a new class of shares.

Crown Zellerbach Corp. was easier. British

financier Sir James Goldsmith said he increased his holdings in the corporation to slightly more than 20 percent from 19.9 percent.

Artis Inc. was off on weakened expectations that a takeover for that company is imminent.

CBS was unchanged at 110. The company said it had filed suit in New York against Ziff-Davis Publishing Co. and Touche Ross & Co. in an action related to the acquisition of 12 Ziff-Davis consumer publications.

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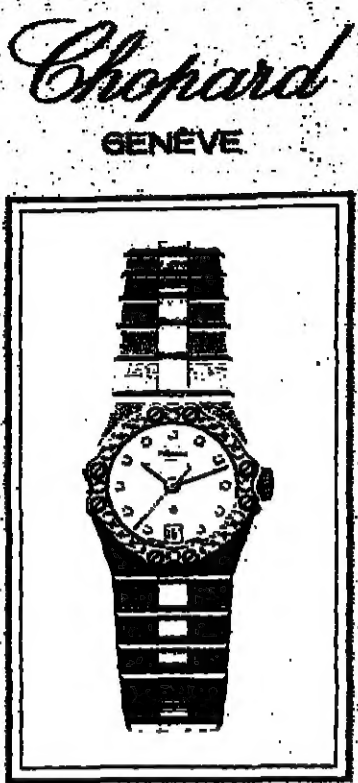
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Low	Stock	Div. Yld.	PE	Stk. 100s	High	Low	Close	Quot.	Chgs
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(Continued from Page 10)

[illegible]

Per Share	0.171	0.119	Net Inc.	23.1	23.8
			Per Share	3.1	3.2
			1st Incl.	1,002	1,096
			Revenue	38.6	39.2
			Net Inc.	0.51	0.49

Canada

Domestic Per. Canada		West Germany			
1st Quar.	1981	1980	1st Quar.	1981	1980
Revenue	51.2	44.8	Revenue	11,002	11,520
Profits	12.4	6.8	Profits	397.8	397.8
Per Share	0.75	0.69	Revenue	1,295	1,361

Ivaco

Bayer. Landesbank		
1st Quar.	1981	1980
Revenue	358	358
Profits	46.1	6.55
Per Share	0.24	0.28

[illegible]

May 15
W. German Mark-25,000 marks, credit per month

City	City-Sell	City-Sell	City-Sell	City-Sell
Amst	188	188	188	188
Brux	188	188	188	188
Gen	188	188	188	188
Lon	188	188	188	188
Par	188	188	188	188
Sto	188	188	188	188
W. Ger	188	188	188	188
Yok	188	188	188	188

Source: CME

Readers
Rates Notes were not
this edition because of
problems.

IMF could be realistic target for Brazil. Dornelles received IMF aid in 1983, and anticipated this year.

BUSINESS ROUNDUP

Phillips Plans Asset Sale And Work-Force Cuts

By Lee A. Daniels
New York Times Service
NEW YORK — Continuing its attempt to pare the huge debt accumulated in two buying takeovers within the last year, Phillips Petroleum Co. says it will sell several of its less valuable assets and offer early retirement to 10 percent of its U.S. work force.

The assets include interests in a California oil field and a refinery in Britain and an office building in Denver. Last month, Phillips, the 11th-largest U.S. oil company, put its coal and geothermal businesses on the market.

Analysts said the sale of the combined assets could bring Phillips between \$300 million and \$1 billion.

CBS Files Suit Against Ziff-Davis

United Press International
NEW YORK — CBS Inc. filed suit Wednesday against Ziff-Davis, charging the publishing company with fraud for allegedly overstating the operating earnings of 12 Ziff-Davis magazines that it sold to the broadcaster early this year.

CBS also sued Touche Ross & Co., the independent auditors for Ziff in the sale, which brought a record \$362 million for the group of specialty magazines that include Modern Bride, Car and Driver, and Popular Photography.

The CBS suit contends that Ziff, which is privately held, allocated costs that should have been deducted from the magazine group's operating profits to the corporate side of its business.

Hyundai Says Allied, Signal Seek Merger Backing Car Exports Up by 140%

The Associated Press
MORRIS TOWNSHIP, New Jersey — The chairman of Allied Corp. and Signal Cos. Inc. announced Wednesday that they will seek approval from their boards of directors to merge the two companies.

Meetings of the two boards were scheduled to begin Wednesday to consider the merger, which would produce a major high-technology holding company called Allied Signal.

Under the agreement, Allied would begin a cash tender offer for 22 million shares, or 20 percent, of Signal's common stock outstanding at \$45 per share.

Each of the remaining common shares of Signal, which is based in San Diego, California, would be exchanged for one share of common stock of Allied Signal. And each share of Allied stock would become one share of common stock of Allied Signal.

Edward L. Hennessy Jr., chairman of Allied Corp., would become chairman and chief executive officer of the combined companies. Forrest N. Shumway, chairman of Signal, would be vice chairman and chairman of the executive committee. Signal's president, Michael D. Dingman, would be president. All three would also continue in their present positions at Allied and Signal.

Last year, Allied reported a profit of \$486.4 million on sales of \$10.7 billion. Allied is involved in a variety of fields, including chemicals, energy, aerospace and automobiles.

Signal, which has interests in aerospace, electronic communications, energy service, transportation and construction, had a profit of \$285 million on sales of \$6 billion last year.

The combination would rank it among America's 20 largest industrial organizations.

"Signal has great technology, particularly in aerospace, automotive and electronics. With that expertise, we're going to accelerate very dramatically Allied's growth in aerospace, automotive, chemicals and electronics," Mr. Hennessy said.

Belgian Bank Lowers Rate

BRUSSELS — The Belgian National Bank said it will cut its bank rate to 9 1/2 percent from 9 3/4 percent, effective next Monday. The rate on ordinary advances will be cut to 10 percent from 10 1/4 percent, also beginning Monday.

Murdoch Says He Plans to Sell 2 Papers

United Press International
NEW YORK — Rupert Murdoch has told a congressional committee that he plans to sell two of his U.S. newspapers — the New York Post and the Chicago Sun-Times, The New York Daily News reported Wednesday.

The newspaper quoted Representative Matthew J. Rinaldo, a New Jersey Republican, as saying that Mr. Murdoch told him and other members of the House telecommunications subcommittee at closed meetings Tuesday: "I'm going to sell both newspapers. But I feel really badly about the Chicago Sun-Times because it's doing so well now."

Mr. Murdoch's plans are part of a \$2-billion agreement with Metromedia Inc. to buy seven of its television stations, including one in New York and one in Chicago. The Federal Communications Commission prohibits anyone from owning both a daily newspaper and a television station in a major media market.

"I will be complying with all rules and regulations," the News quoted the Australian publisher as saying. Mr. Murdoch also plans to become an American citizen to speed up the transaction.

The News reported that lawyers for Mr. Murdoch said he had no intention of seeking help from the Congress or the FCC to hold on to the Sun-Times and Post.

Dunlop Sells Off Its U.S. Operation

Reuters
LONDON — Dunlop, the former leading British tire maker, said Wednesday that it was selling its U.S. operations in a \$118-million transaction that effectively marks the end of its tire-manufacturing activities.

Dunlop has already sold its tire-making plants in Western Europe and New Zealand and rubber plantations in Malaysia.

The buyers are a U.S. investment group led by First Boston Bank. Dunlop Tire Corp., the U.S. subsidiary, made a profit of \$17.5 million in 1984.

Airlines Named In Laker Suit See Out-of-Court Pact

New York Times Service
NEW YORK — British Airways and the other 11 defendants in an antitrust suit filed by the liquidator of Laker Airways are optimistic that they will have an out-of-court settlement ready by Monday to present to a United States judge in Washington, according to a source close to the negotiations.

The settlement, which is expected to total about \$65 million, would be presented to Judge Harold H. Greene of the U.S. District Court of the District of Columbia, who has presided over the suit. The source said Tuesday that all the defendants have agreed to the amounts each would pay toward settling with Laker creditors and banks.

The source also said that Sir Freddie Laker had indicated at a court conference in Washington on May 8 that he would be satisfied with the \$8 million offered him, although he had some reservations about the terms.

Wall Street Is Bearish

(Continued from Page 11)
consensus estimates that they encourage are expected to abate shortly.

David A. Levine, economist at Sanford C. Bernstein, agrees that chances of a recession occurring in 1985 are slim — less than one in five — but believes the chances of a major business upturn beginning as early as the second quarter are even less. However, he thinks interest rates will decline sharply in June and July as the Federal Reserve eases, igniting the economy.

While the scenario of a burgeoning economy, whenever it might come, would indeed be bullish for Wall Street, not everybody sees the world unfolding that way. Joseph Granville, an influential market adviser, believes strongly that the stock market anticipates the economy, but says what is being cast now is a "bear market shadow."

Citing what he views as numerous current similarities to 1929, he is particularly fearful of the federal deficit's ultimate impact on stocks.

"While it took McDonald's over 20 years to sell 50 billion hamburgers, the Reagan administration reduced the significance of that figure by producing a deficit of over \$800 billion in only four years, thus outrunning McDonald's growth by 80 to 1," he said.

Nigeria's Foray Into the Barter Market

(Continued from Page 11)
On paper, the oil may be transferred at official prices. If so, however, the price of the goods produced by has been artificially inflated to offset any loss on resale of the oil. "That is precisely the sham," said a trade specialist at a U.S. bank in London.

Countertrade also can result in the dumping of large quantities of oil on a weak market. Oil companies that buy oil on a regular basis from OPEC countries have some flexibility to modulate their purchases and shipments to meet demand. But an oil trader standing in the middle of a countertrade agreement might have to unload the oil quickly to avoid huge storage costs.

Nonetheless, as Mr. David-West noted, Nigeria relies overwhelmingly on oil exports and must find ways to maintain them.

Talbot Motor Co., a unit of Automobiles Peugeot SA, a Dutch food company, and some West German steelmakers also are holding countertrade talks with Nigeria, traders say. Motors Trading Corp., a unit of General Motors Corp., said last week that it was holding similar discussions involving trucks, diesel engines and railroad equipment.

Daimler officials and Dornier shareholders agreed to value the company at 750 million DM. This would value Daimler's 68-percent stake at 510 million DM.

One family member said privately that Daimler may have agreed to "tolerate" Claudius' independent amphibious-plane project known as Seastar. The source said he felt Claudius' opposition to the Daimler takeover had "less to do with honoring the will of the company founder than it did with jockeying for support of the Seastar project."

Daimler has declined to say what it will pay for its majority stake, although at a press conference in late April it did not deny speculation that the cost of the takeover is around 550 million DM. A Dornier family member said, however, that

IVORY COAST
Ministry of Public Works, Construction, Posts and Telecommunications
National Office of Telecommunications Ivory Coast
INTERNATIONAL INVITATION TO TENDER
No 3290/84/ONT/DRB/FM/031
1 - OBJECTIVE
The National Office of Telecommunications (ONT) invites international tenders for the supply, installation and connection to the telephone network of an SPC digital local/transport exchange of 10,000 lines, extendable to 60,000 lines, in ABIDJAN and such other optional exchanges or equipment as may be required by the ONT.

2 - FINANCE
Finance for the project is assured jointly by the African Development Bank (ADB) and the Ivorian Government.

3 - TENDERING CONDITIONS
The tender is open to manufacturers and suppliers of digital exchange systems in member countries of the ADB and whose equipment is produced in these countries. The digital exchanges offered must have been already proven in service.

4 - TENDER DOCUMENT COLLECTION
The tender documents will be available to be collected from the 20th May 1985 at the following address:
Service des Marchés
Bureau des Appels d'offres
4^e étage, Porte 04-01
Postel 2001 ABIDJAN
on payment of 200,000 F CFA by cheque or bank order, signed by the manufacturer or supplier, made payable to: "Office National des Télécommunications de Côte d'Ivoire".

5 - RETURN OF TENDERS
The tenders must be delivered not later than 17:30 on the 20th August 1985 to:
Direction de l'Office National des Télécommunications
Service des Marchés
Bureau des Appels d'offres
4^e étage, Porte 04-01
Postel 2001 ABIDJAN

6 - ENQUIRIES
All enquiries during the preparation of tenders must be made in writing or by telex to the "Service des Marchés" for administrative information and to the "Département de la Production, Projet Plateau III, Postel 2001", concerning all other matters.

Director National Office of Telecommunications
Postel 2001 ABIDJAN
01 B.P. 1838 COTE D'IVOIRE
TELEX: 227790 or 22758

NEW ISSUE
These Notes having been sold, this announcement appears as a matter of record only.
MAY 1985

U.S. \$200,000,000

Groupe CIC

Compagnie Financière de Crédit Industriel et Commercial

Floating Rate Notes Due 1997

Credit Suisse First Boston Limited

Kidder, Peabody International Limited
Merrill Lynch Capital Markets
Banque de l'Union Européenne
Crédit Industriel et Commercial de Paris
BankAmerica Capital Markets Group
Bankers Trust International Limited
Banque Bruxelles Lambert S.A.
Caisse des Dépôts et Consignations
Citicorp Capital Markets Group
County Bank Limited
Creditanstalt-Bankverein
Dai-ichi Kangyo International Limited
Deutsche Bank Aktiengesellschaft
Enskilda Securities
Fuji International Finance Limited
Générale de Banque S.A.
Mitsubishi Finance International Limited
Mitsui Finance International Limited
Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd
Morgan Stanley International
Orion Royal Bank Limited
Sanwa International Limited
Sumitomo Finance International
Swiss Bank Corporation International Limited

INTERNATIONAL FUNDS	
Quotations Supplied by Funds Listed	
15 May 1985	
The net asset value quotations shown above are supplied by the Funds listed with the exception of some funds whose quotes are based on last prices. The following information is provided for information only: (1) = daily; (2) = weekly; (3) = monthly; (4) = quarterly; (5) = annually; (6) = bi-monthly; (7) = irregularly.	
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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

[illegible][illegible][illegible][illegible]

Notes: figures are unrounded. Yearly highs and lows reflect the previous 52 weeks plus the current week but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividends are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distributions based on the latest declaration.

a—dividend claim notice(s)/
b—annual rate of dividend plus stock dividend/s/
c—liquidating dividend/s/
did = called/s/
d = new yearly low/s/
e = dividend declared or paid in preceding 12 months/s/
g = dividend in Canadian funds, subject to 1% non-residence
i = dividend declared after split-up or stock dividend.
j = dividend paid this year, omitted, deferred, or no action

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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Sales in 1980s	High	Low	Net 3 P.M. Ctrps
(Continued from Page 14)			
Lacoste	1520	28	30

[illegible][illegible]

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Port 9	1.8	22	22%	22	22%	1/2	Emison						
Senior							.85	2	9 7%	7%	7%	7%	7%
Survival									1182	7%	7%	7%	7%
Swach									68	1%	1%	1%	1%
Swach							.88	4	1109	13%	13%	13%	13%
Swach							1.12	3.1	1109	13%	13%	13%	13%
Swach									352	21%	21%	21%	21%
Swach									4	6%	6%	6%	6%

Jackman	14	10	9	9	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
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SECRET

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NEW LOWS			
Campanelli Manoed	CrystalDn PopeEvan	ESD N SharenSH	LuriaSen LuriaVan

4 6% - 7% **Reuters**

BERN — Swiss unemployment was unchanged in April from the month before, at 1.1 percent, but was down from the 1.2-percent rate in April of 1984, the government reported Wednesday. The number of registered unemployed was 32,691 at the end of April, down 1,846 from March and 3,908 from April 1984, it said.



BLONDIE

BEETLE BAILEY

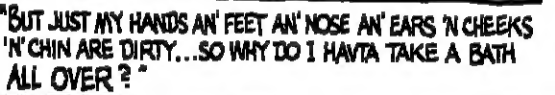
ANDY CAPE

WIZARD of ID

REX MORGAN

CAREFIELD

DENNIS THE MENACE



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S-16

**WHAT THOSE
TALKATIVE
MOTHS DID.**

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

WEATHER

EUROPE

	HIGH	LOW
barcelona	F 64	F 49
lisabon	F 64	F 49
madrid	F 64	F 49
paris	F 64	F 49
rome	F 64	F 49
valencia	F 64	F 49

ASIA

	HIGH	LOW
bangkok	F 82	F 75
beijing	F 82	F 75
hong kong	F 82	F 75
manila	F 82	F 75
osaka	F 82	F 75
seoul	F 82	F 75
tokyo	F 82	F 75

AFRICA

	HIGH	LOW
cairo	F 82	F 75
lagos	F 82	F 75
pretoria	F 82	F 75
cape town	F 82	F 75

AUSTRALIA

	HIGH	LOW
melbourne	F 82	F 75
perth	F 82	F 75
sydney	F 82	F 75
brisbane	F 82	F 75

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2
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MIDDLE EAST		SOUTH AMERICA		NORTH AMERICA		EUROPE		AFRICA		ASIA		OCEANIA	
Algeria	17	63	12	54	5	10	10	10	10	10	10	10	10
Argentina	17	63	12	54	5	10	10	10	10	10	10	10	
Australia	17	63	12	54	5	10	10	10	10	10	10	10	
Brazil	17	63	12	54	5	10	10	10	10	10	10	10	
Canada	17	63	12	54	5	10	10	10	10	10	10	10	
China	17	63	12	54	5	10	10	10	10	10	10	10	
France	17	63	12	54	5	10	10	10	10	10	10	10	
Germany	17	63	12	54	5	10	10	10	10	10	10	10	
India	17	63	12	54	5	10	10	10	10	10	10	10	
Italy	17	63	12	54	5	10	10	10	10	10	10	10	
Japan	17	63	12	54	5	10	10	10	10	10	10	10	
South Africa	17	63	12	54	5	10	10	10	10	10	10	10	
Spain	17	63	12	54	5	10	10	10	10	10	10	10	
Sweden	17	63	12	54	5	10	10	10	10	10	10	10	
Switzerland	17	63	12	54	5	10	10	10	10	10	10	10	
Taiwan	17	63	12	54	5	10	10	10	10	10	10	10	
Thailand	17	63	12	54	5	10	10	10	10	10	10	10	
United Kingdom	17	63	12	54	5	10	10	10	10	10	10	10	
United States	17	63	12	54	5	10	10	10	10	10	10	10	
USSR	17	63	12	54	5	10	10	10	10	10	10	10	
West Germany	17	63	12	54	5	10	10	10	10	10	10	10	
Yugoslavia	17	63	12	54	5	10	10	10	10	10	10	10	

WEDSDAYS FORECAST — CHANNEL: Slightly choppy. **FRANKFURT:** Fair. Temp. 16-19 (63-66). **LONDON:** Clear. Temp. 13-19 (55-65). **PARIS:** Fair. Temp. 17-8 (63-46). **NEW YORK:** Rain. Temp. 24-14 (75-57). **PANAMA:** Variable. Temp. 17-19 (63-59). **ROME:** Fair. Temp. 14-17 (57-57). **TEL AVIV:** Cloudy. Temp. 24-17 (75-63). **TIENJIN:** Cloudy. Temp. 16-10 (61-50). **TOKYO:** Fair. Temp. 21-27 (68-81). **MANILA:** Fair. Temp. 25-30 (77-86). **SEOUL:** Cloudy. Temp. 27-14 (81-57). **SINGAPORE:** Thunder. Temp. 31-26 (88-79). **OSAKA:** Cloudy. Temp. 27-17 (81-63).

**THE COMPLETE LETTERS OF
SIGMUND FREUD TO WILHELM
FLIESS, 1887-1904**

*Translated and edited by Jeffrey Moussaieff
Masson. 505 pages. Illustrated. \$25.
Belknap-Harvard University Press, 79 Gar-
den Street, Cambridge, Mass. 02138.*

Reviewed by
Christopher Lehmann-Haupt

YOU PICK up this book expecting it to blow up in your hands. After all, it contains the complete letters written by Sigmund Freud to his friend and colleague Wilhelm Fliess, which means that it adds 133 previously unpublished items to the 168 letters that composed "The Origins of Psycho-Analysis," whose English-language edition first appeared in 1954.

And, after all, it was these 133 letters that set off a chain reaction whose main explosions included the following controversial events: the falling out between the present volume's editor, Jeffrey Moussaieff Masson, and the trustees of the Sigmund Freud Archives over the significance of the letters; the assertion by Masson in his 1984 volume, "The Assault on Truth: Freud's Suppression of the Seduction Theory," that the letters reveal how Freud was developing his psychoanalytic theories, had dishonestly denied the evidence of actual seductions of children by their parents in 19th-century Vienna, and the publication of Janet Malcolm's book, "In the Freud Archives," which deftly traced the history of the entire unseemly affair.

But what impresses one about "The Complete Letters" are the peacefully perspectives unfolded in its pages. Surprisingly enough, this results from the meticulous scholarship that Masson seems to have applied to his project. He is above the battle here, throwing no punches and digging no elbows. His energy has gone into putting the letters in their proper historical perspective, into painstakingly correcting the errors of "The Origins of Psycho-Analysis," into annotating obscure references in the correspondence.

Indeed, Masson has done such a conscientious job that one can't even distinguish between the old letters and the newly published ones unless one troubles to consult the appendix as one reads along. The most dramatic result of this seamless melding is that there appears to be no dramatic revision of the

Solution to Previous Puzzle

ARTIE WAXY STEW
NOONE IDEA HIVE
TUNINGFORK ONES
ITEM AERO LAP
CERISE EXCELLED
COLA ASSAYS
AJAR NOES TEC
SALTANDPEPPER
DOC ISEE ROSS
ANKLED ELON
PEKINESE OQUEST
NED ARGO ERIE
ACID SPOONERISM
RAFT KIDD RECAP
CLEO IDES ADALE

seduction theory. Just as one had always heard, Freud at first took his patients literally when they reported the sexual assaults inflicted upon them when they were children, then decided, because of the statistical unlikelihood of such prevalent abuse, that these "assaults" must have been fantasized. Masson even takes pains to clarify and sharpen Freud's rejection of his earlier views, which would seem to counteract Masson's assertion of Freud's dishonesty.

What absorbs one instead, reading Freud's letters to Fliess, is the peculiar nature of their relationship. It is a one-sided view, of course, because, except at the end, we get only Freud's side of the correspondence. But if only Freud is permitted to draw the briefest and clumsiest sketch of the friendship as it emerges in these pages, it began with an elaborate courtship on his part, gradually subsided into gentle patronization, interrupted by the subtle but savage satisfaction that Freud seems to have derived from Fliess' medical blunder in the Emma Eckstein affair, and finally collapsed because Freud had outgrown his friend.

Why did Freud need Fliess' friendship? There are pitfalls and dragons here, and material for a thousand monographs, not a few of them focusing on what Freud refers to in an unpublished 1910 letter to Sandor Ferenczi as "the greater independence that results from having overcome my homosexuality."

But the drama one plays out in one's mind as one reads this volume is that here are these two characters, one in Berlin, the other in Vienna, working on these absolutely off-the-wall ideas. Freud starts off proposing, among other things, that neurasthenia is caused by masturbation in males and transmitted to the normal females they marry. Fliess is working on a theory relating the nose to the sexual organs. Freud sends Fliess patients with sexual problems. Fliess performs surgery on their noses.

In time (and in a series of drafts that unfold dramatically in these pages) Freud constructs the foundations of psychoanalysis. He writes "Studies of Hysteria," "The Interpretation of Dreams," and other masterworks. Meanwhile, Fliess continues with his research, develops a theory of periodicity that sounds like the precursor of biorhythms, and proposes that left-handedness is a sign of homosexuality. The friendship grows strained. Fliess throws a tantrum because Freud has insufficiently acknowledged his ideas on bisexuality. Freud apologizes. Fliess rejects the apology. The relationship ends. This, at least, is the way that I would draw it if I had to do "The Complete Letters" for Classic Comics.

Meanwhile, what became of the seduction theory? What was all the biting and scratching about? In the sequel to the first Classic Comics I would depict Jeffrey Masson engaged in a titanic Oedipal struggle with the elders of the Freud Archives. Or maybe I would have him ranting like the man in the old Philadelphia Bulletin advertisements, just trying to draw attention to himself.

In any case, he has got his way. He has created a fuss that makes us want to read "The Complete Letters of Sigmund Freud to Wilhelm Fliess." There, instead of a minefield, we find a landscape where scholars may safely graze. It is an unlikely outcome of a war, and Masson should be given all due credit.

Christopher Lehmann-Haupt is on the staff of The New York Times.

By Alan Truscott

THE diagramed deal was played in four hearts down one. In the replay, South persevered to five diamonds, hoping that at least one side could make a game contract.

Against five diamonds doubled West led the club jack, a conspicuous singleton. Now everything hinged on the play of the trump suit, and simple percentages would suggest a finesse. But there were two objectives to that. In the first place, it would run the risk of a large penalty if the finesse lost.

for West would no doubt score

Most significantly, South calculated that the trumpets were unlikely to divide evenly. The bidding suggested that the hearts were 5-5, and if West held five spades he might well have preferred a different action over one diamond. So West's distribution was far more likely to be 4-5-3-1 than 5-5-2-1. East was likely to have a singleton somewhere to justify his leap to game.

So South played the diamond ace at the second trick and was rewarded with 11 international match points.

World Stock Markets

Via Agence France-Presse May 15
Closing prices in local currencies unless otherwise indicated.

[illegible][illegible][illegible]

Celtics 2-Up on 76ers; Nuggets Even Series

Abdul-Jabbar was held to 13, as was Johnson.

Abdul-Jabbar's ejection came after Schayes and Ervin Johnson tangled briefly. Abdul-Jabbar grabbed Schayes, riding him to the floor and holding him there. The two had exchanged words and shoves a minute earlier, resulting in Abdul-Jabbar's first technical.

"There wasn't one person in the NBA who gave us a prayer of winning this game," said Moy.

BASEBALL ROUNDUP

Giants 3, Pirates 1
Francisco, Mike Krukow doubled twice in two runs — in addition to scoring twice — to pace the Giants. Krukow's second home run lowered his earned-run average to 1.45 after his third complete game of the season.

Padres 6, Cardinals 2
Diego, Andy Hawkins gave up five flying homers to Andy Van Slyke and, before departing in the sixth, but saved his record to 7-0 as the Padres won. Hawkins benefited from a three-run homer by Kevin Reynolds, who has four straight games, driving in 10 runs in stretch.

Mets 3, Braves 1
In his first start, Roger McDowell pitched a four-inning perfect relief and combined with Calvin Schiraldi to lead the Mets to a 3-1 victory in a three-hitter as New York won for the first time in eight games. The Braves lost to the Mets for the seventh out of eight times, dropping their record to 1-7 after dropping his second straight start after a 1-0 loss to the Braves on May 10.

Reds 4, Pirates 1
Dwight Gooden, who went 1-0 after dropping his second straight start after a 1-0 loss to the Braves on May 10.

Astros 10, Expos 0
 son, 17 hits — four by Craig Reyn-
 free each by Jerry Mumphrey and Bill
 along with eight walks and three
 ors enabled the Astros to bury the

Philadelphia and a seven-game loss.
(UPI, AP)



Oilers, Flyers Take 3-2 Leads

Oilers then started to pull away on two goals by Gretzky and Kurri's third.

gest challenge of the season with a record-shattering performance here Tuesday night.

Craven, who scored the winner at 15:01 of the final period. "He told us we didn't look like we wanted to win."

Outshot by 18-12 in the first two periods and losing by 1-0, the Flyers came out winging for the final 20 minutes.

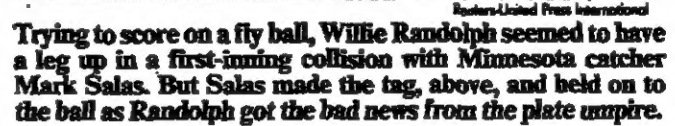
Joe Paterson tied the game on a power play at the one-minute mark when he tipped a Mark Howe pass past goalie Mario Gosselin and into the right side of the net. Craven's decisive goal came on a wrist shot from the right face-off circle; he took a cross-ice pass from Brian Propp and put the puck over Gosselin's shoulder.

(AP, UPI)

Tour de France

Fignon, winner of the Tour de France for the past two years, will not compete in the 1985 tour because of tendinitis in his left Achilles tendon, it was announced Wednesday. Fignon, 24, is scheduled to have corrective surgery on Thursday.

Fignon brushed Bernard Hinault aside as France's top rider in 1983 with a victory in his first Tour de France, the world's most prestigious cycling event. Fignon won the three-week tour again last year as his Renault dominated from the outset.



Baseball

Football

Basketball

Tennis

Tuesday's Major League Line Scores

[illegible]

United States Football League Leaders

EASTERN CONFERENCE					WESTERN CONFERENCE						
Team Offense					Team Offense						
	Yds	Plays	Yds	Plays		Yds	Plays	Yds	Plays		
Tampa Bay	429	144	303		Houston						
New Jersey	3194	2538	1626		Denver						
San Francisco	1961	1745	1277		San Diego						
Baltimore	3824	1925	2299		Arizona						
Jacksonville	3203	1426	294		Pittsburgh						
Birmingham	2822	1224	144		Los Angeles						
Orlando	2971	1211	1708		San Antonio						
Team Defense					Team Defense						
	Yds	Plays	Yds	Plays		Yds	Plays	Yds	Plays		
Birmingham	3661	1275	186		Oakland						
Baltimore	3661	1507	209		Denver						
Tampa Bay	3467	1403	2238		San Antonio						
New York	3497	1509	529		San Diego						
New Jersey	2799	1315	3475		Pittsburgh						
Jacksonville	4146	1851	2179		Los Angeles						
Orlando	3185	1385	2179		San Francisco						
Quarterbacks					Quarterbacks						
	Air	Yds	Yds	Td	Int		Air	Yds	Yds	Td	Int
Linda, MEMP	238	12	1488	15	4	Kelvin, MOU					
Stevens, BIRA	214	187	2384	21	13	Hebert, AOK					
Reynolds, TB	334	238	289	18	24	Grogan, DEN					
Flutie, JACK	289	187	1879	18	12	Williams, OAK					
Flutie, JACK	289	187	1879	18	12	Evans, DEN					
Platts, JAC	289	187	1794	18	12	Williams, SA					
Orlando, OHL	289	187	1444	5	5						
Runners					Runners						
	Air	Yds	Yds	La	Td		Air	Yds	Yds	La	Td
Walker, NJ	214	92	53	87	9	Johnson, B, DEN					
Rader, JACK	214	92	41	23	8	Bradley, A, OAK					
Anderson, G, TB	196	82	42	63	13	Stanton, R, ARIZ					
Johnson, G, TB	196	82	42	63	13	Stanton, R, ARIZ					
Bryant, BALT	152	79	44	82	6	Williams, A, OAK					
Edwards, OHL	148	68	38	26	2	Grove, LA					
Thurston, NJ	122	62	42	57	5	Hendon, LA, POR					
Carroll, BALT	56	467	82	45	3						
Harvey, BALT	112	42	34	47	3	Lewis, ARIZ					

NBA Playoffs

TUESDAY'S RESULTS

Philadelphia 10-21 12-25-76
Boston 25-28 28-36

* Bird 83 8-9 34, **Archule** 81 6-44 22, D.-Johnson 15-4 4-22, **Erving** 13 4-22, **McGuire** 5-10-6
6-30, **Rubens**: **Philadelphia** 54 (**Malone** 12) 7
Boston 65 (**Parish** 14), **Assault**: **Philadelphia**
71 (**Erving**, **Cooks** 7) Boston 33 (**Bird**,
D.-Johnson 7)

Denver 32 37 33 42-36
L.A. Lakers 32 37 32 39-33

15-27 31 41-64, **Isaac** 17 13-42 22: **Scott** 10
10-23 22, **Worth** 81 8-11 71, **Rubens**: **Denver**
57 (**Erving**, **Malone** 14) Boston 70 (**Erving**,
L.A. Lakers 4)

Assault: **Denver** 41 (**Turner** 8), L.A. Lakers 29
(**Johnson** 15)

CONFERENCE FINALS

EASTERN
(Boston leads series 3-4)

May 18: **Boston** at **Philadelphia**
May 19: **Philadelphia** at **Boston**
May 22: **Philadelphia** at **Boston**
May 24: **Boston** at **Philadelphia**
May 26: **Philadelphia** at **Boston**

WESTERN
(San Jose leads 1-1)

May 17: **Los Angeles** at **Denver**
May 19: **Los Angeles** at **Denver**
May 20: **Denver** at **Los Angeles**
May 24: **Los Angeles** at **Denver**
May 27: **Denver** at **Los Angeles**

European Soccer

Italian Open

[illegible]

Transition

BASEBALL
American League
MILWAUKEE—Signed Eddie Ricks, shortstop, from Vancouver of the Pacific Coast League, Olatonio Dason, outfielder, to Milwaukee.

SEATTLE—Options Harold Reynolds, second baseman, to Calgary of the Pacific Coast League, and Earl Cornwall, catcher, from Calgary.

MINNAPOLIS—Signed Matt Leagues, catcher, from the Coast.

CINCINNATI—Signed Earl Batistade, catcher, and Earl Williams, pitcher, to Denver of the American League Association, Recited Allen Knicker, catcher, and Ron Rubenstein, pitcher, from Denver.

HOUSTON—Recalled Mark Ross, pitcher, from Tucson of the Pacific Coast League. Sent Julie Seals, pitcher, to the Tigers.

BASKETBALL
National Basketball Association
MINNAPOLIS—Signed Eric Turner, guards, to a two-year contract.

FOOTBALL
National Football League
CHICAGO—Signed Barry Harris, tight

end; Stan Johnson and Keith Ortiso, wide receivers; Ken Miller, defensive back; Mike Smith, safety; Rick Ward, punter, and Tony Lemmertz, linebacker.

DETROIT—Signed Roy Stachewicz, punter; Tom Konko, defensive end; and William Delaney, defensive back, from the American League; and Scott Alesh and Jeff Clavin, tight ends.

INDIANAPOLIS—Signed Lumsley Huxley and Gary Pugh, linebackers, and Pat Beach, defensive back, from the American League; and Ed Lee and Frank McClinton, offensive tackle, and N.Y. Giants.

N.Y. GIANTS—Signed Gene Hill and Victor Karpis, defensive receivers, and Phil Mack, defensive tackle.

PHILADELPHIA—Announced the retirement of Frank LeMaster, linebacker.

SAN FRANCISCO—Signed James Brown, defensive lineman, from the American League; and Willie Salts, linebackers, and Charles Huff and Doug McCann, defensive backs, signed Bill Wirth, head coach and president, to a four-year contract.

Major League Standings

AMERICAN LEAGUE			
East Division			
	W	L	Pct.
Toronto	18	11	.621
Detroit	18	11	.621
Baltimore	18	12	.600
Chicago	18	14	.563
New York	15	15	.500
Minneapolis	12	18	.400
Cleveland	12	19	.387
West Division			
California	19	13	.594
Chicago	14	12	.538
Los Angeles	14	15	.481
Kansas City	15	15	.500
Oakland	17	17	.500
Seattle	14	18	.438
Texas	9	23	.283
NATIONAL LEAGUE			
East Division			
	W	L	Pct.
St. Louis	20	9	.690
Pittsburgh	17	11	.607
Cincinnati	17	12	.588
Philadelphia	17	13	.563
Brooklyn	11	19	.365
Washington	10	20	.333
West Division			
San Diego	18	12	.600
San Francisco	14	14	.500
Los Angeles	17	14	.556
Cincinnati	15	14	.519
San Francisco	12	18	.400

Hockey

Playoffs

TUESDAY'S RESULTS

1	2	3	4
0	0	0	1
0	0	0	1

(2), Crown (3); Souze (5), Shots
Prostipich (on Goalpost) 5-7-8-27;
Lindner 3-4-13-37.

1	2	3	4
0	0	1	1
0	0	1	5

(2), Kuri 3 (74), Messier (8),
Coffey (48), Hunter (1), Fogarty
vs. 51, Surfer 3 (12), Lammey (9)
Chico vs. 40, Chico (on Pats)
Edmonton (on Spotman) 17-20.

CONFERENCE FINALS

WALLES

Montreal (on souze) 3-2
Chico of Philadelphia
Philadelphia of Quebec

CANBELL

Chico (on souze) 3-2
Edmonton of Chico
Chico of Edmonton
any?

7.5	46	7	Carter A.
9.2	32	2	McNeill J.

03 39 4	Banks, OAK	
05 35 4	Harrell, HOU	
10 12 1		
14 11 40	Tolley, OAK	
5 18 44	DeBruin, ARIZ	
5 8 57	Gossert, PORT	
1 3 55	Partridge, LA	
1 30 61	Walker, HOU	
4 11 59	Allee-Mayer, SA	
4 13 52	Schmouder, DEN	
LA TD		
9 43 6	Morfin, DE-AR	
3 20 0	Gunn, HOU	
5 71 0	McNell, HOU	
0 47 0	Harris, AR-DE	
2 15 0	Holt, PORT	
LA TD		
11 121 2	Verdin, OAK	
0 10 0	Fleetner, HOU	
0 10 0	Harris, AR-DE	
0 37 0	Jackson, PORT	
0 26 2	Ricks, PORT	
0 24 4	Turner, LA DEN	
0 18 0	Bodde, LA	
0 13 0	Brown, O, ARIZ	
0 29 30	Roman, SA	

European Soccer

CUP WINNERS' CUP
FINAL
 Everton 3, Rooki Vipers 1

WORLD CUP QUALIFYING
Group 5
 Hungary & Netherlands 1
 Points shared: Hungary 18, Austria 7, Netherlands 2, Cyprus 0. (Hungary qualifies for the 1986 cup final in Mexico City. The Netherlands, on goal difference over Austria, will be the winner of the Oceania Group for the cup berth.)

FRENCH FIRST DIVISION
 Laval & Bordeaux 2
 Nancy 1, Nantes 2
 Sochaux 1, Metz 1
 Dijon 1, Auxerre 5
 RC Paris 3, Tours 1
 Strasbourg 1, Bastia 1
 Lille 4, Paris SG 1
 Toulouse & Brast 0
 Metz 1, Toulon 1

Metzville 1, Auxerre 2
 Valenciennes & Bordeaux SG: Nantes SG: Metzville 4; Laval 4; Toulon 4; Metz 4; Lens 3; Sochaux 3; Paris SG 3; Laval 3; Valenciennes 3; Nancy, Brast 2; Auxerre 2; Strasbourg 2; Lille SG; Rouen: Tours 2; RC Paris 2.

ENGLISH FIRST DIVISION
 Chelsea 1, Norwich 2
 Ipswich 0, Coventry 0
 Southampton 1, Liverpool 1
 Tottenham 2, Sheffield Wednesday 0
 West Ham 2, Stoke 1

Jimmy Connors, 5134, 57
5129, 630. B. Joekim Nystn

[illegible]

Go!

PGA Leaders

Statistical leaders on the Professional Golfers Association tour through the Byron Nelson Classic:

BARRININGS

1. Curtis Strange	597.15
2. Tom Kite	598.00
3. Bernhard Langer	267.63
4. Ciro Steadler	232.34
5. Mark O'Meara	232.31
6. Larry Wadkins	231.91
7. Ray Ford	225.147
8. Tom Watson	173.99
9. Fuzzy Zoeller	164.55
10. Tom Kite	154.92

SCORING

1. Don Poley	77.5
2. Ciro Steadler	78.13
3. Larry Mize	78.45
4. Colin Paeley	78.53
5. Tom Watson	78.62
6. Curtis Strange	79.04
7. Corey Paeley	79.10
8. Tom Poley	79.75
9. Ray Ford	79.23
10. Larry Wadkins	79.84

AVERAGE DRIVING DISTANCE

1. Fred Couples	244.5
2. Greg Norman	244.5
3. Phil Gosselin	244.5
4. Mike O'Grady	244.5
5. Sandy Lyle	244.5
6. Jim Dent	244.5
7. Greg Twilley	244.5
8. Don Poley	244.5
9. Bob Wadkins	244.5
10. Driving Percentage in Fairway	

DRIVING PERCENTAGE IN FAIRWAY

1. Colin Paeley	88.3
2. Hale Irwin	86.2
3. David Edwards	78.7
4. Tom Kite	78.5
5. Tim	

Morris and Mike Reid 78.7, Larry Nelson 78.8, Scott Lineberger 78.5, Jack Renner 79.8, 10, Bruce Lantz 79.1.

GREENS IN REGULATION

1. Nick Nicklaus	72.8
2. Bruce Lantz	72.8
3. Don Poley	72.8
4. AJ Gelber	72.8
5. Jack MacArthur	71.7
6. Mike O'Grady	71.7
7. Greg Twilley	70.9
8. Tom Watson	70.9
9. Tom Watson	70.9
10. Tom Watson	70.9

AVERAGE PUTTS PER ROUND

1. Loren Roberts	28.2
2. CH Gil Rodriguez	28.5
3. Mike O'Grady	28.5
4. Don Poley	28.7
5. Frank Conner	28.7
6. Nick Price	28.8
7. Ed Fendley	28.8
8. Tom Watson	28.8
9. Fuzzy Zoeller	28.8
10. Tom Watson	28.8

PERCENTAGE OF SUB-PAR HOLES

1. Ciro Steadler	22.8
2. Tom Watson	22.8
3. Tom Watson	22.8
4. Tom Watson	22.8
5. Hal Sutton	22.8
6. Tom Watson	22.8
7. Don Poley	21.5
8. Fred Couples	21.5
9. Tom Watson	21.5
10. Tom Watson	21.5

BIRDIES

1. Larry Rinker	9
2. Curtis Strange	8
3. Fred Couples	7
4. Bobby George and Phil Blackmar	6
5. Ciro Steadler	5
6. Tom Watson	4
7. Greg Twilley	4
8. Don Poley	4
9. Tom Watson	4
10. Tom Watson	4

